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NEWS SUMMARY

GENERAL

NATO warns Moscow on Poland

Defence Ministers from 13 NATO countries warned *Moscow that Soviet intervention* in Poland would seriously undermine hopes for effective arms control talks.

U.S. Defence Secretary Caspar Weinberger said there was no evidence that Soviet troops had actually left Poland, despite the end of Warsaw pact manoeuvres. Page 2

Reagan blow

President Reagan's *initial rapid* recovery from his bullet wound has slowed. Page 4

Wembley battle

The Scottish football supporters' club announced legal action under the Race Relations Act *against the Football Association*, which banned sales in Scotland of tickets for this year's Wembley international.

Brown 'named'

Labour MP Ron Brown (Edinburgh, Leith) was "named" by Speaker Thomas for "gross discourtesy" and ordered out of the Commons after accusing a Minister of lying. Page 8

Shuttle warning

Soviet cosmonaut training chief Vladimir Shatalov said the U.S. space shuttle, due to be launched tomorrow, could extend the arms race. Page 2

Rugby tour vigil

Catholic Churchmen began a week's vigil in Dublin against *Ireland's planned rugby tour of* South Africa.

Offer to Kurds

Iran offered legal recognition to the Kurdish Democratic Party if it renounces armed struggle.

Beirut violence

Christian militias rejected Syrian ceasefire terms in Beirut. Page 3

Filipino poll probe

The Philippines election commission will probe allegations of fake ballot papers in a referendum which would allow President Marcos another six years in power.

Census post

The Northern Ireland Office said families in Republican areas of Ulster could post completed census forms. Several census workers resigned after colleague Mrs. Joanna Mathers was shot dead collecting forms.

Court award

Liam Connelly, 5, was awarded £220,000 in the High Court because an anaesthetic overdose at 17 days caused massive brain damage.

Army ban

Labour-controlled Sheffield council banned weapons in army recruiting displays." The armed forces are cashing in on the recession," council leader David Blunkett said.

'Beast' caged

Businessman John Dodd promised to garage "The Beast"—his 27-litre, aero engined "Rolls-Royce" until a court hearing on Tuesday. Rolls seeks an injunction against his use of its name.

Briefly . . .

Tynwald, the Manx Parliament, will consider elections for its appointed upper chamber.

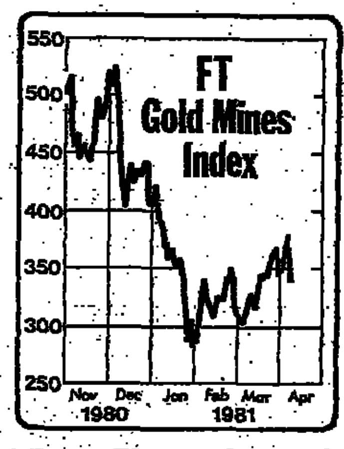
Zambia and the Soviet Union agreed to exchange radio and TV programmes.

Portuguese civil service unions called a three-day strike next week.

BUSINESS

Equities up 13.6; sterling improves

● GOLD *MINES* index finished *down sharply, shedding 16.8 to* 339.3. Page 32



● EQUITIES rebounded sharply on mid-March banking figure reassessment. The FT 30-share *index advanced 13.6 to 539.4.* Page 32

● GILTS joined in the rally, though their recovery was more restrained. The Government Securities index was 0.08 up to 69.47. Page 32

● STERLING improved to \$2.2030, 90 points up, and to DM 4.70 (DM 4.6925) and FFr 11.0750 (FFr 11.0650). Its trade-weighted index rose to 99.4 (98.9). Page 29

● DOLLAR rose sharply in late trading after tending weaker *but was still down to DM 2.1330* (DM 2.1380) and SwFr 1.9440 (SwFr 1.9520). It was unchanged at Y213.5. Its trade-weighted index fell to 100.6 (101.4). Page 29

● GOLD fell \$3 to \$509.5. Page 29

● WALL STREET was up 2.25 to 995.14 near the close. Page 30

● TOKYO's Nikkei Dow index was up 50.16 to an all-time high of 7,508.52. Volume was 1.3bn shares traded, more than double the recent average. Back Page; *Page 30*

● SILVER SALE of 141m ozs is planned by the U.S. Page 31

● ECONOMIC REVIVAL hopes have been challenged by an all-party committee of MPs which has attacked Government strategy. Back Page; Details, Page 7; Men and Matters, Page 20

● RECOVERY PLAN to avoid *the collapse of troubled com*panies would provide for the appointment of an outside administrator under proposals *to be made to the Government.* Back Page

● ANTI-TRUST suit against American Telephone and Telegraph could be dropped *following* testimony by U.S. Defence Secretary Caspar Weinberger. Back Page

● ROYAL BANK of SCOTLAND rival bids are likely to be referred to the Monopolies Commission. Back Page

● BICC's cable business had been put on a much sounder basis, group chairman Sir Raymond Pennock said. Preliminary results, Page 22; *Lex*, Back Page; Agreement with Corning, Page 6

● EMPIRE STORES (Bradford), mail order company, reported pre-tax profits down 24 per cent to £5.61m for the 53 weeks to end January. Page 25; Lex, Back Page

● GRATTAN Warehouses, mail order company, reported pre-tax profits up from £2.37m to £3.11m for the year to end January. Page 25; Lex, Back Page

● GILL & DUFFUS Group, international commodities and financial services concern, reported 1980 pre-tax profits ahead from £20.56m to £23.06m. Page 25

Ford intends to cut workforce by 29,000 in next four years

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

FORD OF BRITAIN intends to cuts its workforce by 40 per cent or more than 29,000 by 1985, union officials were told yesterday.

But the company denied any suggestion it was to run down its UK operations, revealing it will invest a record £1.408bn in the 1981-85 period.

Ford's announcement coincided with publication of its results, which showed its taxable profit fell to £226m last year from 1979's record £386m. *Nonetheless*, Ford of Britain was possibly the only part of Ford worldwide to make profits last year.

Of the 1980 total, £85m was provided by interest income. Operating profit, earned from manufacturing and trading, was only £139m.

Mr. Sam Toy, chairman of Ford, said the entire operating profit was earned in the first half of the year. "But the world recession bit deep and volume dropped sharply. By the second half of the year the company was making no profit on its operations."

The message that cuts in the labour force will be made at all levels—not just on the shop-*floor—was emphasised* at a meeting with the unions.

In the drive to become more competitive, Ford is in the process of eliminating jobs of 250 senior managers. A third of them have gone already. More foremen's jobs will also go. The company said it hoped to achieve the jobs reduction by voluntary means without compulsory redundancies.

The planned investment of £1.408bn compares with the £821m Ford of Britain spent in the three years to the end of 1980. Last year, capital expenditure of £324m was twice as high as for any previous *year except the £334m of 1979.*

Ford would give no details of where the cash would be spent but it is known a replacement for the Cortina, code-named "Toni," is due to be introduced to the Dagenham assembly plant in time for a launch in 1982.

In addition Ford will spend £800m during the period on its commercial vehicle operations, the most important element being a replacement for the Transit van—Britain's best-selling commercial vehicle.

Probably because of investment requirements, Ford of *Britain paid no dividend for* 1980 to its U.S. parent. In the previous year a record £135m was paid.

But the British subsidiary has this year made a further loan of £350m to Ford U.S. on normal commercial terms.

The Ford of Britain profits contrast with the performance of its U.S. parent. Ford U.S. recently reported a record loss of \$1.5bn for 1980 against a \$1.2bn profit in the previous year.

Ford was also the only one of the four UK-based car groups to record a profit for 1980. BL, Talbot UK and Vauxhall all suffered large losses.

Ford said its net contribution to the UK's visible balance of payments was £56m last year compared with £101m in 1978. In 1979, the company's trading was roughly in balance.

Ford Gears up, Page 20
Financial results, Page 22
Lex, Back Page

U.S. FORECAST

FORD of the U.S. yesterday forecast that its net loss for the first quarter of the current year will be greater than the \$316m deficit incurred in the final quarter of 1980. An improvement is hoped for in the second quarter. Ford's total loss in 1980 was \$1.54bn.

Ford of Britain

	1979	1980
Sales	£3,193m	£2,924m
Pre-tax profit	£386m	£226m
Vehicles		
sold	834,000	713,000
produced	634,656	522,484

Engineering union to risk TUC row over ballot aid

BY CHRISTINE TYLER, LABOUR EDITOR

THE Amalgamated Union of Engineering Workers is ready to precipitate a serious controversy in the TUC and risk suspension by accepting Government money to fund postal ballots for the election of officials this autumn.

The AUEW is short of money because of a fall in membership and faces one of the heaviest rounds of internal elections for many years. The ballots could *cost £250,000.*

Elections begin this September for general secretary, four of the seven *national executive seats*, a national organiser, 13 regional or divisional organisers, 12 district secretaries and the union's final appeals court—where postal balloting has been introduced for the first time.

At the end of this month AUEW leaders will seek authorisation from their rank-and-file policy-making body, the national committee, to apply for state aid on grounds of cost and principle.

The 40-strong TUC general council voted by a large majority—with the AUEW and the electricians' union dissenting—to warn unions not to use the facilities provided by the Employment Act 1980 in their campaign against the Act itself.

Yesterday Mr. Terry Duffy, *president of the AUEW, said he* was ready to test the TUC on the issue, even to the point of seeing his union's affiliation *withdrawn.*

"They get more out of us than we get out of them," he said. "Democracy is expensive and must be paid for."

He said that the AUEW would agree not to apply to the certification officer for the money only if the TUC renounced all state aid for educational and other purposes, and that members of the TUC general council gave up their "quango" jobs.

The AUEW's Right-wing leaders, who are looking for a clean sweep in the forthcoming elections, expect to command a comfortable majority of nearly 50 of the 91 delegates to the union's newly-expanded national committee.

But the national committee meeting may be postponed if the AUEW's white-collar section TASS is successful with a threatened court action to block *the new constitutional arrangements.*

No TUC union has yet applied for state aid for ballots, although the certification office has had a number of inquiries, mainly from staff associations. The Bank, Insurance and Finance Union, is under pressure from its members to take the money.

If the AUEW goes ahead as it intends, it will undoubtedly get the support of the Electrical and Plumbing Trades Union, another big user of postal ballots, which concurs with the argument in principle but which has shown no sign yet of applying for aid.

Hailsham says there will be no major union legislation, *Page 8*

Cigarette makers cut production

BY MAURICE SAMUELSON

IMPERIAL TOBACCO and Gallaher, Britain's two leading cigarette makers, are suspending production or introducing *short-time working because of a* large fall in orders following the Budget.

Imperial Tobacco is paying 7,500 workers at seven factories to stay at home for the equivalent of 10 days' work in April and May. Some factories will stop for the week after Easter and possibly for another week after May Day bank holiday.

Gallaher has announced short-time working for three months *for 6,000 people at six factories.* Those making cigarettes and tobacco will go on a four-day week, cigar makers on a three-day week.

Both companies blame their decisions on the high stocks accumulated in anticipation of the Budget which put 14p on the price of a packet of 20 cigarettes.

Imperial Tobacco, which makes Wills and Players brands, holds 54 per cent of the British market, Gallaher about 28 per cent.

Imperial factories affected are Wills at Bristol, Swindon, Newcastle and Glasgow, and Players at Nottingham, Ipswich and Stirling. Workers *with at* least a year's service will receive full pay; newer employees will be paid slightly less.

The last time Imperial suspended production was after the 7½p increase on a packet of 20 in the 1975 Budget.

Imperial expects demand to recover in the middle of May and says *it* has no plans for closures or redundancies.

But it says that it has an "employment problem in the long term." The workforce has been cut by "a few thousand in the past couple of years" and will continue to decline through natural wastage.

The company is *holding* talks with unions about introduction of new machinery which will enable it to re-deploy some *employees.*

Cigarette sales have fallen steadily in Britain since the peak year of 1974 when 137bn were sold compared with 121bn last year. Since January, 1974, the price of a packet of 20 has more than tripled—from 26½p to 91p, with higher duty and VAT claiming 70 per cent of the retail price increase.

Yugoslav assembly agreement for BL

By John Griffiths

BL WILL make important progress in eastern Europe today when the Yugoslav Government signs an agreement in principle for the assembly of Land-Rovers at a plant to be built at Ivangrad, southern Yugoslavia.

The joint venture, announced by Mr. Cecil Parkinson, the Trade Minister, in Belgrade yesterday, involves Land-Rover supplying initially about 2,000 kits a year after the expected completion of the plant in 1983.

Yugoslavia is the only eastern European market in which Land-Rover has managed to sell vehicles, though only about 200 a year because of minimum *local content requirements. The* deal provides for eventual use of Yugoslav materials.

The vehicles are expected to be *sold initially only in the* Yugoslav market, but discussions are understood to have taken place on widening the deal to allow exports onwards from Yugoslavia.

BL last night said it was too early to say how substantial such exports—or their destinations—might be.

The project requires no investment by BL. The Yugoslav Government will finance the plant, which is expected to employ about 1,000 Yugoslav workers.

The Yugoslav deal is in line with Land-Rover's policy of tapping new markets to absorb output from extra capacity developed since 1978. Land-Rover and *Range Rover output* is intended to double from the 1978 level to 120,000 a year by 1984.

But much of this capacity has been coming on stream at a time when demand in traditional markets—80 per cent of output is exported — has fallen off sharply.

Taxis recalled to replace fault

BL CARS is recalling 8,000 FX4 taxis in Britain following the discovery of a small number of cracked steering drop-arms on vehicles which have recorded high mileages in the provinces.

Replacement will be carried out free of charge by the five specialist taxi dealers in the UK or garages nominated by them. Only vehicles built since July 1977 are affected, and while 65 per cent of them operate in south-east England, there have been no failures reported there.

Paris and Bonn to raise \$6bn on capital market

BY ROBERT MAUTHNER IN PARIS AND JONATHAN CARR IN BONN

FRANCE and West Germany yesterday announced they will jointly raise the equivalent of \$6bn (£2.7bn) on the international capital market in the next 18 months to finance investment, particularly in energy-saving technology, and to create jobs.

A statement issued simultaneously in Bonn and Paris defined the total sum to be raised as 5bn European Currency Units (ECU), the Community's fledging reserve currency.

The communique said the two governments had taken their decision in the light of the worldwide slowdown in economic activity, the need for structural adjustment in their economies, and the lack of jobs.

President Giscard d'Estaing said at a Press conference in Paris that the agreement by the two countries which formed the "backbone" of the EEC was a particularly important development. It involved not only the co-ordination of external economic *policies but of domestic* measures.

The joint action went hand in hand with a surprise *announcement by President* Giscard that, if elected, he would unblock FFr 6.6bn (£596m) from the special economic action fund.

This fund was incorporated in the 1981 budget in case of urgent need for expansionary measures.

The substantial stimulus to the economy to be given by this fund would take the form *of soft loans to the building* and road construction, telephone and new technology sectors.

But the money will be unblocked only on June 15, after the presidential election which President Giscard hopes to *win. The measure clearly does* not bind the other candidates, who all have their own economic expansion plans.

Under the Franco-German investment project, which President Giscard presented as part of his overall economic plan, each *country will raise* half the total amount—\$3bn—in separate but simultaneous issues in several tranches over 18 months by the state-controlled Credit National, for France, and the Kreditanstallt fuer Wiederaufbau, for West Germany.

The two governments will take "immediate and simultaneous" steps to stimulate investment in technologically advanced sectors in which jobs could be created and which would contribute to a recovery in the French and West German payments balances.

This will be achieved mainly by investment in new energy-saving measures.

The West German share of the loan will be raised in tranches through the issue of D-Mark denominated promissory notes. These are likely to be *taken up mainly by oil-producing states, although this* is not formally stated.

It was not clear in what currency the French would borrow. But it is plain that it is not planned to make a joint ECU-denominated bond issue as some recent reports have suggested.

An ECU issue on such a scale would have been a major development, welcomed by all those who wish to boost the *role of the ECU within the* European Monetary System (EMS).

Asked why the ECU was mentioned at all, Count Otto Lambsdorff, the West German Economics Minister, spoke of the psychological importance of defining the operation in terms of a common European currency.

The fact that the long-term loans will be floated over a period of 18 months will spread any adverse effects they might have on the money supply.

In Paris officials close to M. Raymond Barre, the French Prime Minister, stressed that the decision did not indicate a modification of the government's strict monetary policy.

President Giscard said the basic decision to implement the joint investment scheme was taken by Herr Helmut Schmidt, the West German Chancellor, and himself at their informal meeting over dinner in an Alsatian village last month.

Mr. Barre had gone to Bonn last week to put the finishing touches to the argreement in talks with Herr Schmidt.

President Giscard and Herr Schmidt had also agreed to make an effort progressively to reduce interest rates in their two countries and to try to persuade the U.S. to do the same.

£ in New York

—	April 7	Previous
Spot	\$2.1950-1970	\$2.1760-1780
1 month	0.68-0.75 pm.	0.78-0.85 pm.
3 months	2.05-2.15 pm.	2.00-2.10 pm.
12 months	6.50-6.75 pm.	6.50-5.75 pm.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES					
Aurora	34	+ 4	London Brick	81	+ 6
BICC	252	+ 18	MDW	97	+ 7
Bank of Scotland	343	+ 20	Plessey	334	+ 12
Beecham	183	+ 6	Royal Bk. Scotland	173	+ 5
Bowater	250	+ 5	Thorn EMI	360	+ 10
Brit. Dredging	28	+ 7	Turner and Newall	94	+ 6
Brit. Sugar	310	+ 8	York Trailer	15	+ 2
Brown (J.)	88	+ 4	BP	376	+ 14
Debenhams	98	+ 4	Premier Cons.	84	+ 4
Erskine House	56	+ 4	Shell Transport	384	+ 16
Freemans (SW9)	130	+ 8	Barlow Holdings	112	+ 7
Gill and Duffus	200	+ 10	Harrisons Malay Est.	218	+ 16
Grattan Warehouses	84	+ 12	Cent. Pacific Mins.	115	+ 10
Greenbank Ind.	27	+ 5	Sthn. Pacific Pet.	50	+ 8
Hawker Siddeley	324	+ 12	FALLS		
Higgs and Hill	118	+ 11	Jacks (Wm.)	18	− 3
Horizon Travel	258	+ 12	OK Bazaars	720	− 55
ICI	264	+ 12	EZ Inds.	285	− 15
Jerome (S.)	104	+ 10	Mangula	54	− 16
Lec Refrigeration	136	+ 8	St. Helena	£16¼	− 1¼
			Samantha	40	− 6

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Brezhnev calms his flock with visions of an iron fist

PRESIDENT Leonid Brezhnev did not come to Prague to calm the fears of the Poles. He came to the Czechoslovak Party Congress to reassure the Czechoslovaks and the party faithful throughout the Eastern Bloc. Amid the general pre-occupation with Poland this fact tended to be overlooked in the initial reaction to Mr. Brezhnev's Congress speech. But his presence here, in the country which has the longest border with Poland and which itself drank the heady wine of reform during the "Prague Spring" of 1968, is designed to reassure the Czechoslovak leadership that Russia is committed to preserving the unity of the Socialist community, as well as its own authority.

Anthony Robinson reports from the Czechoslovak Communist Party Congress in Prague, where Soviet President Leonid Brezhnev, right, has sought to reassure his Eastern Bloc allies of Moscow's commitment to Socialist unity

Mr. Brezhnev reminded his audience that he had first come to Czechoslovakia 40 years ago as a member of the Red Army which, together with units of Czechoslovak forces led by Gen. Ludwig Svoboda, liberated Czechoslovakia.

By referring to the Second World War in this way, Mr. Brezhnev subtly reminded all who cared to listen that the Soviet Union views Eastern Europe as a prize won at the cost of the blood of millions of Soviet soldiers. No Soviet leader could risk that prize slipping out of the Soviet Union's grasp.

Over the past 36 years, the world has got used to the idea of Soviet hegemony over Eastern Europe. Familiarity has tended to obscure the huge importance to the Soviet Union of the inclusion of half of Europe in its sphere of influence, including such jewels of European civilisation as Prague itself, still a city of majestic beauty, a fairy tale capital of Gothic and baroque. Eastern Europe is not just a buffer zone between the Soviet Union and future invaders from the West, it is also a vital part of the Eastern Bloc economy, providing the Soviet Union with refined engineering and consumer goods in return for raw materials and energy.

Despite the military and economic integration forged through Comecon and the Warsaw Pact, the Soviet Union's cultural impact on Eastern Europe has been minimal. If anything, national characteristics and national traditions have grown stronger.

It is not mere chance which dictated that Poland and Czechoslovakia should have proved the most difficult countries to absorb, and the countries where reformist tendencies have been the strongest. The outskirts of Prague are still ringed by the solid workers' housing built during the parliamentary social-democratic inter-war interlude of the first Czechoslovak Republic. Poland continues to look to the west—to Rome for its spiritual guidance and to Western civilisation generally for the roots of its own Slavic culture.

But Russian history—a history which encompasses the trauma of invasion and occupation by Genghis Khan and the Golden Horde, repeated invasions from the West, and an unbroken despotic tradition of government—has taught the Russians that the alternative to authoritarianism is not democracy but anarchy, and a threat to the unity of their vast multi-national country.

It is only natural for Russia to transfer its own experience to its East European satellites, and cry anarchy and counter-revolution whenever the pent-up demands for greater democracy break out into demand for reform and renewal. This is how the Russians see events in Poland and Mr. Brezhnev has come to Prague to reassure himself and the Soviet people that the counter-revolutionary threat has been overcome in Czechoslovakia and can still be averted elsewhere.

But for all the symbolism inherent in Mr. Brezhnev's visit, the Soviet leaders know Poland is not Czechoslovakia, and that the external and internal conditions prevailing in 1968 are not the same as those prevailing now.

The West is deeply suspicious of Soviet intentions since the invasion of Afghanistan and the Soviet military build-up in Europe. The future of detente is in the balance.

Poland itself has 36m inhabitants, compared with only 15m Czechoslovaks, and Poles have a long history of resisting invasion and an anti-Russian tradition which the Czechoslovaks, until 1968, did not share. Indeed, one tragedy of the invasion of Czechoslovakia was that it shocked the pan-Slav sentiments of millions of Czechoslovaks who felt betrayed by the West at Munich in 1938.

Since 1968, the Soviet Union has poured millions of roubles into the Czechoslovak economy, mainly through concessionary prices for the energy and raw materials which the Czechoslovaks have used primarily to build up their heavy engineering, nuclear and petro-chemical industries. As a result, the Czechoslovak economy is now more closely integrated with the Soviet economy than ever before. But this process has been accompanied by a continuous decline in the competitivity of more traditional Czechoslovak industries on Western markets and an energy and raw material-intensive economy which sits uneasily on this resource-poor country. Until now, political calm has been ensured by suppression of dissidents, the presence of Soviet troops, and a subsidised economy which has given Czechoslovaks the highest standard of living in the east.

But mounting economic problems mean that the Soviet Union has neither the resources nor the desire to mix repression with economic sweeteners in the case of Poland. If a decision is taken to suppress the Polish reform movement, the only available instrument is brute force. This is an awful prospect for Russian and Pole alike, which is why taking a final decision is proving so drawn out and agonising, and why Mr. Brezhnev is still apparently hoping against hope that the Poles will "see sense" and not push the Soviet Union into a decision it is still most reluctant to have to make.

Statfjord gas to be landed in Norway

By Fay Gjester in Oslo

THE NORWEGIAN Government yesterday gave its backing to plans for a NKr 12.45bn (£1.05bn) pipeline to take gas from the North Sea's huge Statfjord field to Karsto on the Norwegian coast. The proposals will now have to go before the Storting (parliament).

The plan to land the gas in Norway rather than piping it to the UK is in line with proposals put forward by the oil companies that are developing the Statfjord field. The consortium includes Statoil, the Norwegian state-owned group, Mobil, Conoco and Esso.

The British Gas Corporation has put in a bid for gas from the Norwegian sector of the Statfjord field, which straddles the median line dividing UK and Norwegian waters and is believed to hold reserves of 3 trillion million million cubic feet. The bid is believed to be the biggest British Gas has ever made but the Statfjord consortium has already made it clear that it would prefer the gas to be sold to continental buyers.

The Norwegian Government's 300-page proposal calls for the gas to be brought ashore at Karsto where the natural gas liquids will be separated from the natural methane gas. The methane would then be re-exported to Emden in West Germany via the Ekofisk pipeline.

The British Government, which is backing plans to build a new gas gathering system in the UK sector of the North Sea had hoped that the Norwegians would agree to put their Statfjord gas through this new line. Last night, industry experts said there was still a strong chance that gas from the Statfjord field could be piped to the UK for a few years—mainly for technical reasons.

The Norwegian plans to take Statfjord gas to Karsto will mean laying a pipeline across the trench that cuts into the seabed all along the Norwegian coast. The trench is some 2,000 feet deep and pipelines have never been laid at this depth before. Experts say it is technically feasible to cross the trench but they believe the task will be a lengthy one.

Yet the new pipeline has to be completed by 1986 because after that date it will no longer be possible to reinject gas into the Statfjord field without causing damage. Despite the Norwegians' confidence, it is widely believed that the line cannot be finished by the 1986 deadline. An alternative would be to put the Statfjord gas through a UK pipeline until the Norwegian line should be ready.

The Norwegian Government's proposals say that the Heimdal field, operated by Elf, and Statoil's so-called "golden" block 34/10 should have first claim on the new pipeline in addition

NATO warns Moscow over Poland

BY BRIDGET BLOOM IN BONN

DEFENCE MINISTERS from 13 members of the North Atlantic Treaty Organisation yesterday underscored earlier Western warnings to the Soviet Union that intervention in Poland would have "profound implications" for East-West relations and would seriously undermine hopes for effective arms control talks.

The Ministers' statement came, exceptionally, at the end of a meeting here yesterday of NATO's Nuclear Planning Group, whose highly confidential discussions are normally confined to nuclear mattters within the alliance.

Dr. Joseph Luns, NATO Secretary-General, said the dangerous situation in Poland had made an expression of NATO policy essential.

The alliance's fears of Soviet intervention have clearly not been set at rest by President Leonid Brezhnev's apparently calming statement in Prague on Tuesday, or by the news that the extended Warsaw Pact manoeuvres had now ended.

Mr. Caspar Weinburger, the U.S. Defence Secretary, who gave Ministers details of Pact troop dispositions in and around Poland, told a brief news conference yesterday that the U.S. had no evidence that Soviet troops had actually withdrawn.

NATO line of defence: Herr Hans Apel (left) and Mr. John Nott (centre), the West German and British Defence Ministers, face a news conference with Dr. Joseph Luns, the NATO secretary.

"The situation remains essentially as it was on Monday," he said. On that day, he spoke of Soviet invasion of Poland "by osmosis."

Poland apart, however, the final communique from the Group's meeting suggested that the differences between the U.S. and several of its key European allies on the question of resuming arms control talks between the U.S. and the USSR have simply been papered over.

Disagreements centre on the interpretation of NATO's decision to modernise its intermediate range nuclear weapons, owned and operated by the U.S. but based in Europe. This decision is seen in principle by all parties as going hand in hand with U.S.-Soviet negotiations on limiting such weapons, but there are wide differences as to when those talks should start.

Herr Helmut Schmidt, the West German Chancellor, said earlier this week that he hoped talks could begin by late summer. But Mr. Weinberger and his officials have refused to offer any hope that talks can resume this year.

Mr. John Nott, Britain's Defence Secretary, said he believed Mr. Weinburger had "a very clear understanding of the concern of European countries for an early resumption of talks," but, he said, the present Soviet "infiltration inside and intimidation from outside Poland" hardly provided the right climate. However, all this could be changed if the present tensions subsided.

The communique also reveals that the Soviet Union has "about 220 launches" for its SS 20 missiles now deployed. This is at least 20 more than has been previously published. It adds: "With their SS 20 missiles alone, the Soviets have already deployed some 660 warheads — more warheads than are planned for NATO's long-range nuclear force modernisation programme."

French fall in living standards

THE FRENCH standard of living declined last year for the first time in over 20 years, according to provisional national accounts figures, writes David White in Paris.

Overall purchasing power, calculated from the sum of incomes including social security benefits and pensions, minus direct taxes, dropped by 0.4 per cent. Since the population increased by the same rate, the fall per household was 0.8 per cent.

The Economy Ministry blamed the setback in farm revenue. Farmers are receiving FFr 4bn (£363m) in compensatory subsidies, but part of this is being paid this year and is therefore excluded from last year's calculation. Leaving aside the farmers, the global figure rose by 0.3 per cent.

Gross domestic product rose by 1.3 per cent in 1980, down from 3.4 per cent, but the Ministry said this remained above the rate for the rest of the EEC.

Ecevit warned

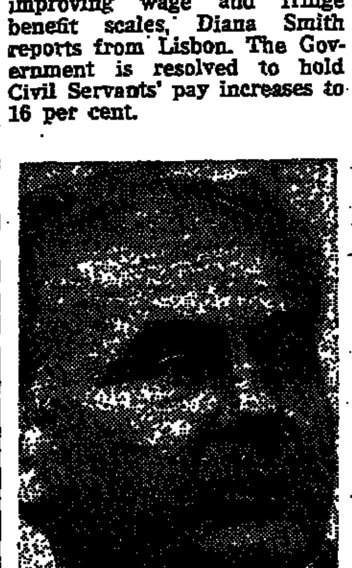
Turkey's military rulers yesterday warned Mr. Bulent Ecevit, the former Prime Minister, to stop making political statements, writes Metin Munir and David Tonge in Ankara. He has jut given an interview to the West German magazine Der Spiegel and has also been expressing cautious reservations about the Ankara régime to visiting delegations.

Dutch oil vote

The Wutch Parliament yesterday reluctantly accepted the Government's refusal to impose a unilateral ban on oil deliveries to South Africa but the issue is likely to re-emerge after the general election in May, writes Charles Batchelor in Amsterdam. A majority of MPs had supported an embargo during a debate on Tuesday.

Portugal strike call

Unions representing Portugal's 370,000 civil servants have called a national strike for three days next week in an effort to pressure the Government into improving wage and fringe benefit scales, Diana Smith reports from Lisbon. The Government is resolved to hold Civil Servants' pay increases to 16 per cent.



Matthoefer . . . heart trouble

Matthoefer unwell

Herr Hans Matthoefer, the West German Finance Minister, has heart trouble and has been ordered to rest, Roger Boyes writes from Bonn. The illness comes at a critical time in West German finance planning as Bonn has announced a number of measures to encourage investment.

Bonn MPs vote on industrial democracy

BY ROGER BOYES IN BONN

THE West German Parliament voted last night on an important workers' co-determination law aimed at calming for some six years the controversial and bitterly contested issue of industrial democracy in the steel industry. Some defections from the Bonn Government coalition were expected but many politicians predicted that the Bill would become law.

The law would ensure that steel and coal companies, currently bound by strict labour-capital boardroom representation rules, will not be able to escape them before 1987. Existing legislation decrees that workers and shareholders be equally represented on the supervisory boards of steel and coal companies. The casting vote should not go to the chairman but rather to a neutral person, acceptable to both workers and shareholders.

The loopholes in these laws were exposed last year by Mannesmann, the steel and engineering concern. It proposed to merge its pipes and stels divisions, radically reducing the importance of steel production in the group's overall turnover. This would have allowed the company — and implicitly other diversified steel producers—to duck the rules.

The unions protested noisily and the coalition Government of Social Democrats and Free Democrats was forced to act. The problem is that, while the former is very much in favour of the strict parity rules, the latter would like a ruling that gives the balance of advantage to shareholders rather than workers.

This fundamental ideological gulf had to be bridged in yesterday's compromise legislation, which actually does little more than freeze the issue

In addition, the law provides for the introduction of more democratic methods in choosing worker delegates to the boardroom. But the most important aspect of the legislation is simply that Mannesmann has to stick to the existing rules for most of this decade. The intention is to discourage any move in a similar direction by large steel-based groups such as Thyssen or Krupp.

The voting came amid signs that the wage negotiators in the steel and metalworking industries are swiftly narrowing their differences. In some regions only about 1 per cent divides employers and unions and a settlement could well be reached slightly above or slightly below 5 per cent.

However, neither side was prepared to comment after yesterday's wage negotiations (affecting 4m workers) and, in public, the main union, IG-Metall, is still claiming that it is going all out for 8 per cent.

Polish party leaders pursue conciliatory line

BY CHRISTOPHER BOBINSKI IN WARSAW

MR. STANISLAW KANIA, the Polish Communist party leader, is to travel to Gdansk today for a meeting with the party organisation at the Lenin shipyard. This is a clear sign that the leadership is still keen to adopt conciliatory policies towards its rank-and-file, which is demanding major changes in the party

The politburo confirmed on Tuesday that proposed changes in party rules will ensure that democratic election procedures are followed in future. The commission preparing the programme for approval by the next party congress due by July 20, will meet next week.

There is no hint following Tuesday's meeting that the politburo is thinking of blocking any of the myriad suggestions coming from the grass roots who are demanding a programme acceptable to society

Another central committee meeting will be held later this month to fix a date for the party congress. Mr. Kania has promised that at that meeting the committee will expand the 10-man Poliburo, the party's top policy-making body. At the last meeting demands were made for the dismissal of hard-liners and increasing the Politburo's size may put them in a minority.

Meanwhile, the weekly newspaper published by Solidarity, the independent union, has published an interview with Mr. Lech Walesa, its leader, in which he stresses that the union must change its methods of struggle. The Government, he says, should have realised by now that the union is a strong and disciplined force. "Negotiations should at last be completed," he says. "Also, the people are tired and do not want more confrontation."

Mr. Walesa came in for criticism last week in the union's national leadership for signing with the Government a compromise agreement which led to the threatened general strike being called off.

Soviet Press steps up propaganda war

BY DAVID SATTER IN MOSCOW

THE SOVIET authorities yesterday intensified the propaganda war against Solidarity, Poland's independent trade union with a charge that it has links to "fascists" in Britain and West Germany.

The weekly Literaturnaya Gazeta published dispatches from correspondents in London and Bonn describing alleged links between Solidarity and Mr. David Irving, a British author and biographer of Adolph Hitler, and the People's Labour Union, an anti-Communist Russian emigre organisation.

"Co-operation with "rabid revanchists" showed the "anti-patriotic" essence of the "Polish counter-revolution," it said. Interference in Poland's internal affairs was being carried out by the West "according to a carefully arranged plan."

The article appeared after 10 of the most confusing days in the Polish crisis during which Moscow appeared about to condone a Polish police action in which they might have become involved, but also betrayed their deep misgivings about an action which would have had incalculable political results.

Its appearance, furthermore, after the Polish Communist party's decision to allow secret ballotting and President Leonid Brezhnev's statement, in Prague that the Polish party could probably defend socialism, only emphasised the extent to which Soviet propaganda statements have lost meaning.

Originally intended as an instrument of pressure on Solidarity and interpreted in the West as signs of Soviet "impatience," they have taken on an autonomous character and seem increasingly unrelated to the difficult political choices facing Soviet leaders.

EEC industrial output down by 6% last year

BY GILES MERRITT IN BRUSSELS

EUROPE'S BATTERED base industries suffered sharp drops in activity last year, according to figures released in Brussels yesterday by the European Commission.

The announcement of the decline in such important sectors as motor manufacturing, textiles and chemicals came in the context of industrial production figures showing a slight short-term recovery in some member states by the start of this year, notably in West Germany, Italy and the Netherlands.

But it is the overall EEC industrial performance last year that is the most striking for, on an all-industries basis, output for the 12 months up to December 1980 dropped 6 per cent compared with 1979. Commission also notes "evidence of the continuing weakness in industrial production growth trends."

The key EEC industry that underwent the most serious decline last year was man-made fibres, where production dropped 12.5 per cent. Motor manufacturing suffered a 5 per cent decline, steel and associated metal industries fell 6 per cent and in the textile and clothing sectors the output reductions were 2.5 per cent and 5.2 per cent respectively.

In spite of signs of recovery in some states, the picture for the Community as a whole remained bleak in January when the industrial production index fell 1 per cent from the previous month.

● The lack of progress on all major fronts and last month's EEC summit in Maastricht was the subject of bitter attack in the European Parliament yesterday. MEPs were deeply critical of the failure by heads of government to take decisions on fisheries, unemployment and the future site of the Parliament. "All we hear is fine words. Where are the deeds?" asked one indignant member.

EEC-Arab meeting setback

By John Wyles in Brussels

A POSSIBLE ministerial meeting between EEC member states and the Arab League in early summer has been abandoned because of difficulties of finding a basis for an agreed declaration on Middle East problems.

The 22-member League is understood to have told the Community that it needs more time for preparation and Arab officials are talking in terms of October. The speculation there is that the Arabs, who have made all the running, now realise the meeting would be a rank failure unless it could present a measure of agreement on the Palestinian issue.

This may yet prove possible if theso-called EEC Middle East initiative eventually bears some fruit in terms of bringing Israel and the Palestine Liberation organisation closer to peace negotiations and mutual recognition.

Italy postpones cuts decision

BY JAMES BUXTON IN ROME

THE Italian Government has again postponed the Cabinet meeting at which it should finalise economic measures to form a package with the devaluation of the lira and the raising of interest rates two and a half weeks ago.

The meeting has been put off until next week, following indications that the trade union confederation is prepared to consider some modifications to the scala mobile system of wage indexation.

Last week Sig. Arnaldo Forlani, the Prime Minister, said in a television broadcast that the Government would not take unilateral action to curb the indexation system. The Government's attention was therefore concentrated on deciding how to allocate the L5,000bn (£2.2bn) spending cuts it considers necessary to reduce this year's public sector borrowing requirement.

It has proved very difficult for the four-party Coalition Government to agree on the form the cuts should take. The leaders of the big three unions will meet the Government on Monday to discuss proposals they are finalising.

One of the three unions, the Christian Democrat oriented CISL, has suggested that the size of pay increases triggered by the scala mobile should be reduced, but that in return the Government should freeze rents for a year, impose no increases on charges for state-supplied services such as electricity for a year, freeze industrial prices for six months, put a property tax on second homes and take other possible measures. It also wants the index on which the scala mobile is based to be altered.

The unions suggest that a rate of increase for salaries, to be implemented quarterly, should be fixed at the beginning of the year. If the inflation rate exceeded the salary increase rate employers would have to make up the difference at the end of the year.

The three unions appear to be interested in formulating a strategy of modest concessions on the scala mobile in return for an anti-recessionary government economic policy.

Although the continued existence of the scala mobile is a point of honour for the unions, their leaders are becoming seriously concerned about the Italian inflation rate, still running at about 20 per cent, and its effects on international competitiveness.

REGIONAL POLICY IN SPAIN

Legal experts to study autonomy

BY ROBERT GRAHAM IN MADRID

THE SPANISH Government has set up a seven-man commission of legal experts to study the rationalisation of regional autonomy in Spain. The move is being treated with considerable reserve by the two main regional parties in the Basque country and Catalonia.

The commission, comprising senior academics, will have the delicate task of trying to accommodate the desire of the central Government to retain its authority and the wishes of the regions which have been promised concessions.

At the heart of the problem is the pledge made by previous governments to offer similar treatment to all those regions in Spain which wanted autonomy.

It has been clear for a long time, however, that the needs and wishes of the "historic" regions like the Basque country and Catalonia are very different from others, like Castille, which have never had pretensions to autonomy.

After several somersaults on regional policy, the Suarez Government last autumn once again made the pledge of equal treatment. Yet the logic of this would be for all the 14 regions (and the final figure is not yet clear) to have their own parliaments and, say, police forces.

It was this spectre which prompted such disaffection within the armed forces over regional autonomy.

The main political parties have a vested interest in trying to rationalise matters. At present they risk losing much of their force in the principal regions. Thus Sr. Leopoldo Calvo Sotelo, the Prime Minister, has been able to count on the full support of Sr Felipe Gonzalez, the Socialist party leader, in this new move.

Sr Calvo Sotelo will shortly consult with the Communist party and the right-wing Coalicion Democratica in order to enlist their support.

The attitude of both the Government and the Socialist party was summed up by Sr Gonzalez after a meeting with Sr Calvo Sotelo. He said that negotiation was open to all regional parties and "if any one wants to make war, it's their problem."

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Beirut violence grows as peace moves fail

BY IHSAN HIJAZI IN BEIRUT

THE SITUATION in Lebanon deteriorated further yesterday after the Christian militias rejected Syrian terms for a viable ceasefire here and in Zahle, 30 miles to the east.

There were artillery duels acros the lines between Beirut's Moslem and Christian quarters and residential areas on both sides were shelled.

The city resounded to the sound of explosions from rocket launchers and heavy guns. People have been spending their time in basement shelters, and hospitals have appealed for blood donations.

Fighting also raged in the Zahle area as Syrian troops and Christian militias battled for control of strategic hills overlooking the town.

Syrian conditions for a truce were brought here on Tuesday by Mr. Abdel Halim Khaddam, the Foreign Minister. They called for withdrawal of the militias from Zahle and neighbouring hills, and for security duties in the town to be turned over to the units of the Lebanese army, provided they serve under the command of the Syrian-led Arab deterrent force.

The terms, which were published in the Press here, also carried what was described as a strategic clause, which says that a line from the Bekaa Valley, of which Zahle is the provincial capital, to Jezzin in southern Lebanon must be regarded as a "red line" vital to Syria's national security.

The Syrians were reported to have insisted that no other force must be allowed beyond the line.

Jezzin is the farthest point in southern Lebanon where Syrian troops are deployed. Israel had set its own red line beyond which it said Syrian military presence will not be tolerated. It falls about 12 or 15 miles north of the Israeli border.

Syrian conditions were rejected by the leadership of the Phalange party, which controls the Christian militias. No early let-up in the tension is expected.

Meanwhile, President Elias Sarkis has been holding talks with special foreign envoys. He met Mr. Hubert Argod, sent here by President Giscard d'Estaing of France, and Mr. Brian Urquhart, an assistant to Dr. Kurt Waldheim, the United Nations Secretary-General.

Bani-Sadr's office urges investigation into clashes

BY TERRY POVEY IN TEHRAN

THE OFFICE of President Abol Hassan Bani-Sadr of Iran yesterday demanded a high-level investigation into recent clashes in a number of provincial cities, which resulted in eight deaths and several hundred injured and arrested.

The clashes are reported to have occurred along Iran's northern Caspian coastline—at Qasvin, an industrial city near Tehran, and Bandar Abbas, the country's major functioning Gulf port.

In the past four days, clashes in the southern city of Shiraz are reported to have led to two deaths and many injured. Significantly, the centre of these clashes was around one of the main refugee camps in the city's university.

A university employee claimed yesterday that "a large number of people from the city came and attacked refugees from Abadan. Stones were thrown between the two groups until Revolutionary Guards quietened things down by firing into the air."

Tensions between refugees and fundamentalist administrators in Iran's provincial cities were blamed for some of these incidents.

The Governor's Office in Shiraz claimed, however, that the clashes were caused by counter-revolutionary groups.

Japanese boost weapons contracts

By Richard C. Hanson in Tokyo

JAPAN'S Defence Agency, in the fiscal year ended in March, spent a record Y954.5bn (£2.07bn) in new contracts, a 48 per cent jump over the previous year.

The surge in contracts was mostly the result of orders for two types of aircraft called for under Japan's medium-term defence build-up programme which started in 1978.

Excluding orders for F15 Phantom jet fighters and P3C reconnaissance aircraft, contracts for 1980 were below 1979's Y645bn total.

Although no breakdown was available, the portion of orders going to foreign contractors is believed to be very small.

Japanese companies, under licence, will produce most of the parts and components for the aircraft and other weapons systems in Japan. There are no foreigners involved as main contractors.

The surge of orders for aircraft in particular meant that Mitsubishi Heavy Industries (MHI), by far the largest defence supplier, saw its defence orders up 142 per cent to Y234.5bn. MHI is also the main supplier of tanks.

Ishikawajima-Harima Heavy Industries (IHI) also more than doubled its orders to Y108.8bn, becoming the second largest recipient. Kawasaki Heavy and Mitsubishi Electric ranked third and fourth.

But the actual contract rate this year should fall below that for 1980, because many of the main items called for in the present build-up have already been ordered.

The prospects of sharper growth in defence spending over the next few years, however, is prompting a number of companies to upgrade their efforts to procure defence business.

Private industry is stepping up campaigns to boost the low levels of official spending for defence related research and development, lobbying for a relaxation of the country's strict ban on defence related exports is also on the rise.

But the prospects of such a relaxation are considered slim.

K. K. Sharma visited Karnataka, where police this week shot dead 10 tobacco growers

India's farmers die for higher prices

THE SMALL Indian town of Nipani, in Karnataka state, won notoriety this week as police fought protesting tobacco farmers. Ten farmers were killed, and Mr. Sharad Joshi, charismatic leader of the six-month-old farmers' agitation, was taken to jail—a sudden and alarming shift in what had been until now a non-violent movement.

The week clearly showed the depth of farmers' grievances, and the seriousness with which Mrs. Indira Gandhi's Government views them.

Farmers comprise more than 80 per cent of India's 684m population, and contribute more than 40 per cent to the gross national product.

Western India's angry farmers, like their counterparts in other states, have puzzled the Government and local politicians alike by their grim determination to press demands for better prices.

For the past 30 years, politicians have vied to gain the farmers' support, only to find that when the relatively well-to-do and increasingly better-educated farmers organise themselves they can be as effective as any union.

Mr. Joshi's protest movement has caused deep concern both in Delhi and in the five states where protests have so far been mounted.

Nipani has been the centre of agitation since March 14. The farmers have been taking steadily tougher action in demanding higher prices for their products.

It is an agitation with a difference. It is not like the often-publicised protests of the landless labourers—*the Harijans* (untouchables). Nor is it an ideological battle. It has nothing to do with the caste system which traditionally divides the country.

The revolt is led by modern, educated men like Mr. Joshi, who can be described almost as "capitalist farmers." It centres on questions of income, prices and inputs. At least in Western India, the agitation is beginning to loosen agriculture from its feudal moorings and to break the traditional tranquility of the countryside. Monday's battle may well launch a movement the Government could find difficult to control.

The tobacco growers, from about 200 villages around Nipani, have blockaded the main Bangalore-Poona highway for nearly a month. The *Rasta Roko* ("Close the Roads") agitation has won widespread support from the tobacco farmers who eke out a bare existence by selling their produce to manufacturers of *Bidis* (a small leaf-wrapped cigarette smoked widely in India).

For nearly a month, several thousand farmers had been squatting on the highway with their cattle and implements, carrying small flags and waving red banners proclaiming their demands for higher prices.

All vehicles between the key towns of Bangalore, capital of Karnataka, and Poona, a main industrial centre of Maharashtra, have had to make a 200-kilometre detour. For more than three weeks, the Karnataka Government had stood by, ordering its police not to use force. Mr. Joshi was aware that the authorities wanted to wear the agitating farmers out.

He was sure the Government would eventually have to arrest him. Alternative solutions—like the farmers' co-operatives proposed by the Government—were unacceptable. On Monday, the Government ordered Mr. Joshi's arrest and the removal of the blockade. Farmers attacked the police, who fired on them, killing 10 and wounding 600 more. They arrested more than 2,000.

Mr. Joshi's movement is catching on in other states, although it is mainly confined to Western India. But farmers all over the country are discontented and it is a question of time before the movement envelops all the states.

Mr. Joshi, unknown a few months ago, is an unlikely agitator and an even less typical farmer. Once an international civil servant in Geneva, the 45-year-old Mr. Joshi bought a 16-acre farm near Poona. Mr. Joshi, who describes himself as a practicing economist, said: "I soon discovered that the terms of trade were loaded heavily against the rural areas.

"We are entirely dependent on the urban areas for payment. We bring our crops in times of plenty to the markets and sell at throwaway prices which do not meet even our costs of production. At times of shortage, there is not enough to sell to make a profit."

He has a two-nation theory for India: the farmers versus the city dwellers. He thinks the system is such that the disorganised agriculturists, despite being the vast majority, get a hopeless deal.

Mr. Joshi started with onion growers in the middle of last year when there was an onion glut. His strategy is an adaptation of Mahatma Gandhi's civil disobedience and defiance of the authorities. He organises his followers to block roads, besiege legislators and forcibly occupy government offices.

He spurns politicians: "No political party can seriously be interested in farmers getting remunerative prices. All these political leaders and all these parties are part of the system which has been deliberately exploiting farmers since independence in a new form of colonial exploitation."

Mr. Joshi's main problem is, of course, that the politicians themselves claim to be supporting the farmers. If parties are to win elections, they must, after all, appeal to what is 80 per cent of the electorate.

The difference is that Mr. Joshi does not want to be elected. All he wants is to organise the farmers like unions so that they get a better deal. In doing so, his movement threatens to throw India's vast rural areas into ferment.

Tunisia opens the door to liberalisation

BY FRANCIS GHILES

LIBYA'S RECENT takeover of Chad has left another, smaller neighbour unruffled. Tunisia, despite its troubled past relations with Col. Muammar Gaddifi's regime, says it still wants to co-operate with Tripoli.

In a recent speech, Mr. Mohamed Mzali, the Tunisian Prime Minister, mentioned joint participation in extracting oil offshore in the Gulf of Gabes.

After the Libyan-backed raid on the southern Tunisian town of Gafsa 12 months ago, Tunisia was a profoundly worried country. Today, at the start of the Destour Socialist Party conference, that wound is well on the way to being healed, as is the one resulting from the general strike and bloody riots of January 1978.

Most of the trade unionists jailed in the aftermath of the riots have now been freed, though the ex-leader of the Union Générale des Travailleurs de Tunisie, Habib Achour, is still under house arrest.

Many ex-leaders of the UGTT are helping to prepare the forthcoming elections for a new trade union leadership. These elections should help make the UGTT leadership more representative than it has been since the general strike.

Such a development would allow the dialogue, which Mr. Mzali is attempting to foster between the Destour Socialist Party and other social partners, to develop.

The elections are also important because UGTT is *probably the most powerful* labour movement in Africa.

Many political exiles have also returned home and the tone of the state media is markedly more liberal than during the 1970s.

This liberalisation is strongly supported by President Bourguiba whose views, despite his frail health and advanced age—77—still dictate how far his Ministers can go. Nobody really knows how much he is prepared to open up the system he founded 24 years ago.

On other fronts, the government of Mr. Mzali has shown itself more willing to attempt a dialogue than its predecessor, and less content simply to rely on traditional allies such as France and the U.S.

Relations with Algeria are better than at any time since 1965 and there is even talk of common projects in the industrial field.

President Chadli's well publicised respect for Tunisia has helped, where his predecessor, Houari Boumedienne, had only scorn.

The new government has been much more active, and successful than its predecessor in wooing Saudi Arabia and Kuwait for funds. Two banks have been set up in which these two Middle East countries have a stake, and which will help to finance the next five-year development plan, to be launched in 1982.

Tunisian planners say they want to correct the imbalance against agriculture—and hence the hinterland—which has been a hallmark of the ultra-liberal economic planning of the 1970s.

This has resulted in Tunisia's coastline "nearly falling into the sea" in the words of one Minister, so heavily has the development of industry and tourism favoured this area.

Such a shift will not be easy to engineer.

'More Soviet troops' arrive in Afghanistan

By Our Foreign Staff

BETWEEN 20,000 and 22,000 extra Soviet troops have arrived in Afghanistan, according to diplomats quoted by news agencies yesterday. If the reports are accurate, this would raise the Soviet troop presence to about 100,000.

Western diplomats in Kabul are confined to the capital, and provide information of mixed reliability, but the reports are attributed to a number of sources and so are impossible to ignore. The reports are apparently based on a significant increase in the traffic into and out of the Afghan capital by Soviet transport aircraft.

The reported troop increase follows claims by Moslem insurgents on the border between Afghanistan and Pakistan that their forces inside Afghanistan had "won a major victory"

AMERICAN NEWS

Growing doubts over President's budget package

BY DAVID BUCHAN IN WASHINGTON

PRESIDENT Reagan's initially rapid recovery from the bullet wound he received nine days ago has clearly slowed up, casting doubt on his planned trip to Mexico at the end of this month and on his 1981-82 budget plan passing Congress in its present form.

Plans for the President to make a television appeal for his economic programme have been put back on the shelf for the moment, though the meeting with President Jose Lopez Portillo of Mexico has not been cancelled. Mr. Reagan was described as making clear progress, but Mr. James Baker, his chief of staff, said yesterday: "We simply don't know when the President might leave hospital."

The Democrat-dominated House of Representatives Budget Committee yesterday set to work to consolidate the first congressional setback that has so far been dealt to the Reagan programme, by completing details in its alternative budget plan. On Tuesday the committee rejected the Reagan plan in favour of a programme that would make a further $4.3bn cut in public spending next year (out of the Pentagon budget), cut taxes by half the amount Mr. Reagan intends, and thus produce a smaller deficit.

One immediate effect of the stand by House Democrats against the Reagan plan has been to breathe fresh fight into some of their party colleagues in the Senate, who were routed last week when Mr. Reagan won 88 votes from the 100 Senators to back his spending cuts.

A group of conservative Democratic Senators, mainly from the South, yesterday came out in revolt at the weighting of the Reagan tax cuts towards individual tax relief. Instead, they urged bigger concessions to business as the better way to restore productivity.

Wooing conservative Democrats, susceptible to Mr. Reagan's philosophy and blandishments, is the heart of the Administration's strategy on Capitol Hill. Republicans hold the majority in the Senate—53 out of 100—but some of them can be influenced by their fellow conservatives on the Democratic side.

The same factor can work in reverse in the House of Representatives where Democrats hold numerical sway. One conservative Democrat, Representative Philip Gramm, of Texas, sided with Republicans this week in the House Budget Committee.

Certainly Mr. Tip O'Neill, Speaker and Democratic Leader in the House, believes that his party's budget plan cannot pass the House unless it gives Mr. Reagan what he wants in defence spending and thus placates conservative Democrats.

While the assassination attempt has greatly enlarged the reservoir of public sympathy for Mr. Reagan, it is widely believed that his lengthening stay in hospital may rob his economic programme of the momentum it had gained

Shuttle warning for U.S.

BY DAVID SATTER IN MOSCOW

THE Soviet Union yesterday warned that the use of the U.S. Space Shuttle, for military purposes would herald a new arms race in space. The Shuttle is due to be launched tomorrow.

Lt-Gen. Vladimir Shatalov, the director of training for Soviet cosmonauts, said the use of the space Shuttle for military missions in space could bring tragedy for the whole world.

The warning came as officials at Cape Canaveral said that following another round of repairs and delays the count-down to launch was back on schedule.

Meanwhile the Communist Party newspaper Pravda criticised U.S. miliary proposals to develop a laser weapon which could be taken into space by the Shuttle.

Pravda said it was an illusion to imagine that such weapons could be used by the U.S. to gain military superiority

THE UPSURGE IN THE DOW JONES INDEX

Wall Street counts on sympathy for Reagan

BY DAVID LASCELLES IN NEW YORK

IT IS no small measure of the hopes Wall Street has pinned on President Reagan and his economic programme that the Dow Jones Industrial Average surged ahead more than 20 points when it became clear that he would not only survive the recent attempt on his life but be back in the oval office in a matter of weeks.

Wall Street hopes that the upsurge of public sympathy for the President will strengthen his chances of winning Congressional approval for his sweeping "supply side" tax and budget cuts. Many analysts see the package as a make-or-break opportunity to revive the U.S.'s battered financial markets, at least for equities.

"The emotional appeal of the Reagan Administration's supply-side economics is almost irresistible to the financial community," says the latest investment strategy report compiled by Merrill Lynch, the country's largest stockbroker. This emphasis on emotion is an indication of the mood in Wall Street.

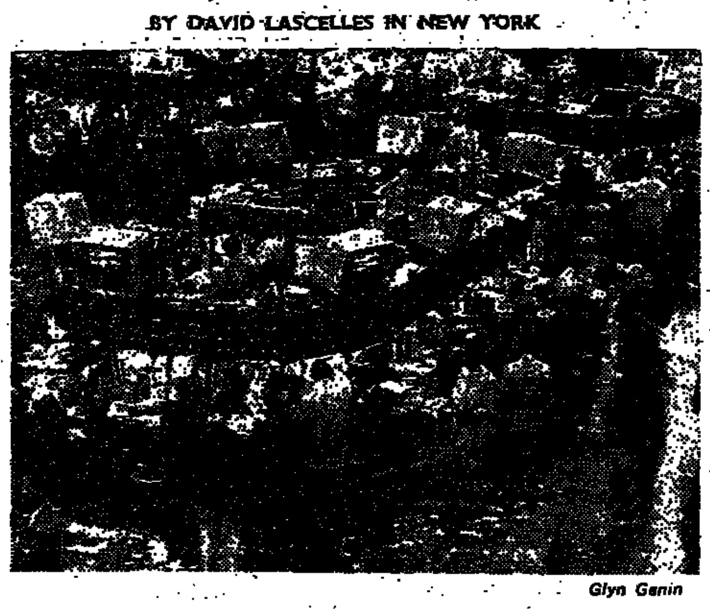
The Merrill report goes on: "We believe that participants in the capital markets must now decide whether the economy will continue along the route of stagflation for the next several years, or whether a new road is being built to set the economy on a course of above-average growth, rising productivity, and declining inflation."

This sense of being at a crossroads in the country's financial fortunes has inspired both the greatest hopes and the darkest fears. If the Reagan package works, some analysts predict a revival in the stock market which could quickly push the Dow Jones to a new high, and then send it doubling, even trebling by the mid-1980s. But if it fails, either by being butchered in congress or through being misconceived, they do not care to say what could happen.

One man who has predicted that the Dow could hit 3,000 in the foreseeable future provided the full "supply side" prescirption is administered is Mr. Jude Wanniski. He is a former Wall Street Journal editorial writer and now a financial consultant close to the White House.

Hhe thinks the Reagan tax proposals are too weak at the moment, but hopes they can be toughened. He believes that the regulatory roll-back has started, but that monetary policy reform has been put on the back-burner. "The Dow Jones could still reach 1,500 by the end of this year if the monetary question is addressed," he said.

The hopes fostered by influential individuals like Mr. Wanniski stem to a large degree from disillusionment at the poor performance of the financial markets during the 1970s at two levels: among borrowers whose balance sheets have badly deteriorated, and, of course, among investors whose capital was eroded by inflation and generally failed to produce real yields.



Glyn Genin

The trading floor of the New York Stock Exchange.

The Dow Jones has repeatedly failed to break new ground since 1972, the peak of the last great post-war bull market. Buyer resistance always seems to set in when the Dow hits the eye-catching 1,000 mark, an indication, many think, of a fundamental lack of faith in stock market, or the "stuck market" as cynics now call it.

The Dow may not, of course, be the best gauge because it measures the fortunes of unfashionable blue chip stocks like U.S. Steel, General Motors and Sears Roebuck, which all had their problems in the 1970s. Broader indices, which include the popular high tecnology and energy stocks, have done better, and many of them hit new highs during last year's "Reagan rally."

But in 1972, the price-earnings ratio of the Standard and Poors 500 stood at just under 20. By the end of last year it had fallen to half that level. The dividend return on common stocks was about 5 per cent in 1972, a year when inflation was only 3 per cent. But while that return increased as the years went by, it did not rise fast enough to keep ahead of the inflation rate. Last year it was 11.5 per cent, with the inflation rate of 13 per cent. Meanwhile investors took refuge in real estate, tangibles and, of course, precious metals.

But the forces that eroded that capital may be about to be conquered. "There is in place an attempt to dramtically alter the course of our society, and our institution supports than change," said Mr. Willard Butcher, the chairman-elect of Chase Manhattan Bank, reflecting a widely held view

Mr. Stefan Abrams, chairman of the stock selection committee at Oppenheimer, a Wall Street investment house, is among the optimists. "The perceptions of both institutions and private investors are changing," he said, commenting that the market could ride up on the cheapness of equities, the declining attraction of real estate, high investor liquidity, and the fact that "we have not yet printed the next money supply bulge to fuel a new inflationary binge."

Plenty of other brokerage houses have put out reports urging their clients to get in on the ground floor of what they claim could be the best bull market of the past 20 years, not just in equities but bonds too if interest rates come down.

Brokers tend to be bullish, of course, because it generates business. There are plenty of sceptics who doubt that Congress will pass a package of balanced tax and budget cuts. Instead they fear it will be tilted toward tax cuts, in which case the basic problems of inflation and high interest rates will remain.

All this poses some tough strategy decisions for investors and portfolio managers. "The need for choice has never been greater," says the Merrill report, urging clients to act soon, though it offers alternative strategies for the believers and the doubting Thomases.

Investors appear so far to be resisting the temptation to take the plunge. Institutions are nibbling at equities but only in a small way. Individuals are being even more cautious, preferring to keep their spare cash in the high yielding money market funds whose assets now total $115bn (£53bn). For all the talk of major rallies, the short-term dangers are still large. The stock and bond markets plunged this week amid renewed gloom about interest rates.

Hint of closer military links with Argentina

By Our Washington Correspondent

GENERAL EDWARD MEYER, U.S. Army chief of staff, is the latest senior officer to be despatched by the Reagan Administration on a visit to Argentina.

The Administration has said it wants to improve relations with Argentina's military government, which was at odds with the Carter Administration over human rights issues.

Gen. Meyer, who is on a six-day tour, was preceded by the commander of the U.S. South Atlantic Fleet, and is to be followed by another senior sailor, Admiral Harry Train, commander of the Atlantic Fleet.

The visits raise the prospect of military co-operation between the two countries.

SEC opposes new curbs on money market funds

BY OUR NEW YORK CORRESPONDENT

THE SECURITIES and Exchange Commission yesterday came out against congressional moves to curb the flourishing money market funds whose high yields have attracted more than $100bn.

The funds give small investors a chance to invest in short-term, highly liquid money market instruments. These are currently yielding about 15 per cent.

Mr. John Evans, an SEC commissioner, told a House of Representatives hearing on the funds yesterday that existing regulation provided investors with adequate protection and that any further curbs would only harm their interests.

Addressing the complain that the money market funds enjoy special advantages vis-à-vis banks in the competition for deposits, he said that the banks' problems were part of the much broader question of the regulation of the financial system, including interest rates.

The SEC has thus entered a fray in which many powerful voices are calling for curbs on the funds, usually in the form of reserve requirements similar to those which banks have to put up. One of the critics' main complaints is that the funds' popularity is harming banks and the thrift industry by diverting investment away from them.

The Federal Reserve Board is also studying the issue closely and has said that curbs might be desirable, but it has not taken a definite stand like the SEC.

Grenada plea faces boycott by EEC states

By John Wyles in Brussels

FIVE member states of the European Community which have been invited to a donor's conference in Brussels next Monday to consider Grenada's planned $71m international airport are expected to boycott the talks.

The boycott is bound to be seen as a triumph for U.S. pressure aimed at blocking EEC aid for a project which Washington believes could be exploited by Cuba for military purposes.

The indications yesterday were that Belgium, the Netherlands, Germany and Italy would definitely not attend. Paris has not yet decided

Grenada's case for an international loan package worth $37m will be heard by officials of the European Commission.

Venezuela, Mexico agree to widen oil accord

BY WILLIAM CHISLETT IN MEXICO CITY

MEXICO AND Venezuela yesterday decided to widen the scope of their agreement to supply oil on favourable terms to Central American and Caribbean countries. The announcement was made during a state visit to Mexico by the Venezuelan President, Sr. Luis Herrera Campins.

Belize, Britain's last mainland colony, is likely to be the first country to benefit from the extended agreement after it becomes independent in September. Haiti is also in line to receive concessionary oil.

Under the agreement between Mexico and Venezuela 30 per cent of the cost of the oil is returned to the purchasing countries in the form of loans at 4 per cent over five years or 2 per cent over 20 years if the credits are used to develop energy resources.

Since last August Mexico and Venezuela, the two oil giants of Latin America, have been meeting the oil needs of nine poor Central American and Caribbean countries.

The agreement means that about $700m (£323m) a year goes back into the impoverished region in the form of loans.

Mexico's President, Sr. Jose Lopez Portillo, said, in what appeared to be a reference to the increasing involvement of the U.S. in the troubled region that the agreement was "an alternative to violence and negative intervention."

The two presidents discussed the civil war in El Salvador, but have not disclosed whether their two countries have agreed, as expected, on a joint plan to try to bring peace to the country.

WORLD TRADE NEWS

East German official berates Moscow over economy pacts

BY LESLIE COLITT IN BERLIN

A SENIOR East German Communist Party official has criticised the Soviet Union and other East European allies for failing to live up to their economic agreements with the East Berlin Government.

Herr Horst Tschanter, a department head in the East German party's central committee, said that "dislocations" in Comecon economies, caused when bilateral economic agreements are not properly carried out, are further "aggravated" by the high level of integration between Comecon economies.

The criticism, unusual for the otherwise loyal East German Communists, was made in the latest issue of Einheit, the main Communist theoretical publication. The censure is, however, carefully buried in an article that is otherwise laudatory about Socialist economic integration and Soviet and East German leadership.

In the article, he notes that the East German Communist Party regards fulfilment of its agreements on industrial "specialisation and co-operation with the Soviet Union" as a "basic principle."

He adds: "We assume the fraternal countries are also doing everything" to fulfil their "obligations" towards East Germany.

He makes the point, however, that in the future "great efforts" will be necessary in order to assure the quantity, date of delivery and quality of the "bilateral deliveries" by "greater discipline and activity."

A lack of discipline is a common fault found by East Germans with their Soviet and East European economic partners. While such criticism of the Soviet Union is rare, it does *erupt periodically when* East Germans feel they have been economically wronged.

David Sattel writes from Moscow: The Soviet Union has signed a trade agreement with Afghanistan for 1981-85 which calls for a sharp acceleration in the economic integration of the two countries and a threefold increase in trade turnover compared with 1976-80.

Tass, the Soviet news agency, reported that under the agreement, the U.S.S.R. will supply Afghanistan with machines and industrial equipment and will receive raw materials, including natural gas and food products in return.

Soviet-Afghan trade had a value of Roubles 504.7m (£317.4m) in 1980 and has been rising steadily since the Marxist takeover in Afghanistan in April, 1978.

Capper Neill wins £22m Sudan deal

By Paul Cheeseright

CAPPER NEILL International, the Merseyside engineering group, is to design, supply and construct a power station for the Public Electricity and Water Corporation of Sudan in a £22m contract, announced yesterday.

The power station, which should be completed by 1983 at Burri, Khartoum, will use British equipment. Detailed engineering work has started and site work will begin in the middle of this year.

Much of the finance for the scheme is coming from the UK Government which has granted £61m of aid funds to Sudan for the development of power supplies in connection with a World Bank project.

The provision of aid tied the Sudanese Government to British companies for the construction of this and another power station, for which NEI was recently awarded a contract.

Capper Neill won the Burri contract against competition believed to come from Hawker Siddeley, Humphreys and Glasgow, Taylor Woodrow Babcock Turnkey Operations and Balfour Beatty.

The Burri contract was won by Capper Neill because, it said, it offered the lowest price, quoting in a mixture of sterling and Sudanese pounds.

Cairo sees too little of the profits from a rare tourism boom writes **Margaret Hughes**

Black market money offsets Egypt's success

EGYPT is enjoying a rare boom in tourism.

However, while the numbers of foreign visitors rose sharply last year over 1979, the increase in revenues has been far less dramatic because of a flourishing black market in currency in which large amounts of tourist funds are exchanged outside the official banking system.

Last year, some 1.25m foreign tourists visited Egypt. This was a 17.8 per cent rise on 1979 and compared with just a 6 per cent overall increase in the two preceding years.

This sharp growth rate is being maintained in the first few months of this year, with occupancy rates at Egyptian hotels averaging 77 per cent. Cairo hostelries themselves are running at an even higher, 81 per cent, level of occupancy.

However, revenues, to the extent that they can be measured, are not keeping pace with this growth, and rose just 9.5 per cent last year to E£401m (£262m). This was not sufficient to offset declines of 11 per cent in 1979 and 16.4 per cent in 1978. Given an estimated inflation rate of between 15 and 20 per cent, the tourism income is even less impressive.

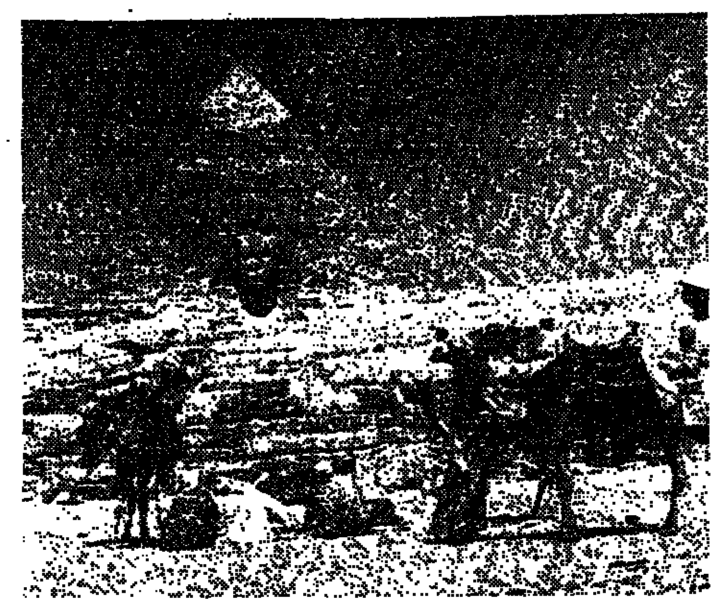
One reason for the discrepancy between numbers of tourists and the amount of money they spend is attributed to the decline in visits from other Arab countries caused by Egypt's strained political relations with its neighbours. Arabs are the largest per capita spenders of all foreign visitors but are also well-established users of the currency black market itself.

Although there are no statistics to quantify the amount being converted outside the banks and hotels, there is a thriving "free" market, conducted mainly in the street or through shops. The Ministry of Tourism conservatively estimates that in 1979 an additional 15 per cent of tourism funds were converted outside the system.

Last year the "street" rate for the dollar averaged nearly E£0.80 against the official rate of E£0.70. Since September the "street" rate has been gradually rising to a current level of E£0.85 or E£0.86 to the dollar.

At the official rate, the Egyptian currency is overvalued, encouraging people to hold foreign currency rather than convert to Egyptian pounds, and this is further fuelled by a chronic fear of devaluation.

Official foreign currency receipts from tourism go into the commercial bank pool where they are available to the tourist industry without having to go through the foreign exchange budget. The loss of money to the "street" market thus severely limits the amount available to the industry.



The Sphinx, one of Egypt's everlasting tourist attractions.

The Ministry is forecasting tourism revenues of E£2bn by 1985. But if it is to realise this target there will have to be an adjustment to the present currency conversion system, so that it gains access to the revenues being lost through the street.

An additional problem last year was the small rise in the number of American tourists—only 1 per cent against 11 per cent in 1979 and 44 per cent in 1978. Traditionally freer spenders than their European counterparts, Americans have replaced the Arabs as the single largest group of tourists visiting Egypt.

The levelling off last year can be attributed in part to the U.S. recession, but American tourists in Egypt may well have reached saturation point—at least until facilities and services are expanded and improved and visitors no longer feel exploited by poor service, hotel overbooking and blatant overcharging at tourist sites.

Mr. Gamal El Nazer, appointed Minister for Tourism last May, is well aware of these problems. Tourists from OECD countries now account for 53 per cent of all visitors in Egypt with requirements and expectations quite different from those of Arab visitors. Since future tourism growth is also expected to come from the OECD countries, future development is being geared to their needs.

Shortage of hotel accommodation has long been a major problem in Egypt; occupancy rates and profits as a result are said to be the highest in the world.

Despite the present hotel building boom Mr. El Nazer does not expect supply and demand to be in reasonable balance until 1985. By then he anticipates the number of tourists coming to Egypt will have passed the 4m mark—an ambitious target as this will require an annual growth rate of more than 25 per cent.

Hotel rooms, meanwhile, are forecast to increase from the present 16,000 to between 50,000 and 55,000 by 1985, with 3,000 of these being added this year. In contrast to previous hotel projects, about two-thirds of the increase will be in Aswan, Luxor and along the Red Sea. The Nile cruise fleet, which has already more than doubled in the past three years, will also be stepped up from the present 37 boats to 80 within the next two years.

ICC mounts free trade campaign

By David White in Paris

THE INTERNATIONAL Chamber of Commerce is to mount a co-ordinated campaign to dissuade governments from resorting to trade barriers as the world approaches what Mr. Carl-Henrik Winqwist, the organisation's secretary-general, called "a dangerous protectionst period."

The ICC, which represents business interests in some 100 countries, broke with its traditional discretion this week and published a strong statement drawn up by its Commission on International Trade Policy.

The Paris-based group is calling on national committees to press this case with governments, and is planning to bring business, governments and international bodies together for a round-table discussion on the issue.

Mr. Winqwist said some governments had already been contacted and had voiced "great interest" in taking part in the conference, due to be held in Paris on October 1-2.

The policy statement calls for action to tie up the loose ends of the Tokyo Round agreements, with an adequate code on safeguards and provisions for including trade in services within the GATT framework.

The message is addressed both to industrialised countries, which it says should recognise the needs of developing countries for access to their markets, and to developing nations, which it urges to adhere to GATT rules.

Mr. Winqwist said the ICC "regretted" recent actions such as the quota imposed by the French authorities on imports of Japanese cars.

He said he was astonished by the "lack of foresight" in a number of industries about the problems which have led them to press for import curbs.

He made clear the organisation was opposed to so-called "voluntary" restraints, which fall outside the provisions of GATT.

The ICC accepted the GATT rules allowing for temporary market adjustments, he said. But there was no example of such measures succeeding. "On balance, it has to be the market that produces the adjustment," he said.

On Japan's problems over exports to Europe, Mr. Winquist said Tokyo's case was made more difficult by its own use of subtle non-tariff barriers. "The credibility of the Japanese position would be greatly strengthened if the same rules were to be applied at home," he said.

UK, Japan set up study group

By Charles Smith in Tokyo

THE UK and Japan have agreed to establish a joint study group to conduct periodic reviews of bilateral economic relations, it was disclosed yesterday. The agreement was reached when Lord Carrington, the British Foreign Secretary, met Mr. Rokusuke Tanaka, the Japanese Minister of International Trade and Industry.

The group will look at trade, technical interchange and investment. Officials of the two countries will be getting in touch "immediately" to discuss its establishment.

In the course of the visit the Foreign Secretary held *several hours of talks with Mr.* Masayoshi Ito, the Japanese Foreign Minister. He also had brief meetings with four other Cabinet members and with Prime Minister Zenko Suzuki.

Sales drive in Algeria

ALGIERS — Mr. Yoshihoro Inayama, president of the Japanese federation of economic organisations, the "Keidanren," has just ended a five-day visit here aimed at increasing trade with Algeria at a time when many Western countries are considering erecting barriers to Japanese exports.

Mr. Inayama met dozens of top Algerian political and economic officials. He was accompanied by a 50-strong delegation representing 20 Japanese companies and the Japanese Import-Export Bank.

The visit was seen in Algiers as a business offensive which "intends to open the door to the African continent."

AP-DJ

U.S. duty for Mexico goods

By William Chislett in Mexico City

THE U.S. Department of Commerce has ruled that Mexico is subsidising exports of leather ware to the U.S. and that a countervailing duty, estimated at 5 per cent, will be levied on these goods.

The ruling comes only three weeks before President Reagan and President Jose Lopez Portillo hold their second round of talks in four months. The decision is likely to heighten trade friction between the two countries.

Labour disputes hamper Australian coal exports

BY COLIN CHAPMAN IN SYDNEY

A SERIES of damaging labour disputes has begun to have a serious impact on Australia's coal exports.

The worst of these is in New South Wales where a month-long strike by shunters has halted shipments in the port of Newcastle, delaying the export of A$60m (£32m) worth of coal. Yesterday, 35 bulk carriers, totalling 1.5m dwt (deadweight tonnes) were lying idle

In Queensland, the largest ever vessel to use the port of Hay Point, a 160,000 tonne Japanese ship, was delayed because of a stop-work meeting after a worker was killed in an accident, and further problems are threatened in the Utah Bowen basin coal mines as unions prepare a new log of wage claims.

Another dispute building up concerns a union battle over who should control a third coal loader planned for Newcastle. The loader is urgently needed as throughput is rapidly approaching the capacity of the existing two loaders.

Martin Dickson adds: Manpower shortages could eventually pose a serious constraint on Australian coal production, according to a new study of the country's export potential.

Dr. P. Lesley Cook, of Sussex University's Science Policy Research Unit, says that international demand for Australian coal could reach 500m tonnes a year next century

But, while output of about 400m tonnes in the first part of the century seems feasible, output of 700 to 750m tonnes would be difficult to meet without immigration—a sensitive political issue.

The study also argues that even recent official figures underestimate Australia's coal reserves and the country could probably sustain production of as much as a billion tonnes annually for several centuries.

UK NEWS

Redundancies feared in ICI plan to merge petrochemicals and plastics divisions

BY SUE CAMERON, CHEMICALS CORRESPONDENT

IMPERIAL CHEMICAL Industries has released first details of the merger between its loss-making petrochemicals *and plastics divisions. Yes*terday the group said that the move was the first stage of a "survival plan."

Last year, ICI's plastics business made a trading loss of £35m while its petrochemi*cals operations lost £44m. The* losses have been blamed on the recession and on overcapacity throughout Europe.

The merger of the *two divi*sions is an attempt *to* cut *costs, improve* efficiency and stop losses.

The new petrochemicals and plastics division—which officially comes into being this week—is marked *by some* boardroom changes. The *boards of the* two old divisions had 20 seats between them—but that of the new operation will have only seven mem*bers, including the chairman.*

The main reason for the changes at the top is the sheer size of the combined petrochemicals and plastics sector. Mr. Tom Hutchison, former chairman of plastics *division and now chairman of* the new one, has told staff that the "size, complexity and diversity" of the unit "calls for a new approach *to the* direction and management of *its total* business."

Mr. Hutchison has decided on a two-tier management structure. There are to be 12 major operational groups, each headed *by a director* and each with its own individual *profit* centre.

Above them will be the divisional board to comprise the chairman plus six group *directors who* will *oversee* a number of businesses.

The new division will have 15 manufacturing sites and markets spread throughout Europe. It will have no deputy chairman and no official head*quarters.*

Directors overseeing site operations and personnel will mainly be based at Wilton—centre of the old petrochemicals division—while those overseeing business groups will be at Welwyn.

The divisional board will "normally" meet at Welwyn. Mr. *Hutchison will have his* "principal office" in the town. Mr. Hutchison said yesterday that the board "will be pressing ahead with the decisions necessary to ensure the survival of its businesses."

Further cuts in jobs are ex*pected to form part of this* "survival plan." Both the old plastics and petrochemicals divisions had slimmed their numbers before the merger, chiefly through natural wastage. Today, the new division employs *about* 20,000 people.

White-collar jobs are likely to be most at risk because one of the main aims of the merger is to end duplication of administration, marketing, distribution and other services. Trade unionists have already expressed some criticism of the merger.

Mr. Roger Lyons, national *chemicals officer of* the Association of Scientific, Technical and Managerial Staff, has described the move as "mere cosmetic surgery." He claimed *that* ICI "just wants to show the world that it is *doing something.*"

Aviation claims worry reinsurers at Lloyd's

BY JOHN MOORE

LLOYD'S of London aviation reinsurance underwriters are concerned about the extent of possible liabilities arising from insurance business on a leading aviation syndicate. There are fears that claims *could rise to over $4m and lead* to large losses for reinsurers.

So far, claims of about $1.6m have been met and another $1.6m of claims are understood to be outstanding.

Reinsurance underwriters, the groups which agree to meet claims of insurers above certain limits in return for a premium, are concerned that their own protections may not be large enough to cover the liabilities *arising from the claims.*

They have reinsured underwriting syndicate 960, one of the largest aviation syndicates in Lloyd's under the management of R. W. Sturge and Co.

At the end of the reinsurance chain is one of the smallest aviation syndicates in Lloyd's, syndicate 168 under the management of Oakeley, Vaughan (Underwriting).

All Lloyd's syndicates are supported by private members who pledge their wealth to allow the market to function. Their wealth forms the capital *base of Lloyd's and if* other funds are exhausted, it has to *be used to meet insurance* claims.

Syndicate 168, has just 83 members'.

The reinsurance chain started when the Sturge syndicate effected a 41-month reinsurance contract with syndicate 295, under the management of Gooda, Walker, in July 1978. The reinsurance programme was *arranged by the aviation brok*ing arm of Sedgwick Group, the UK's largest insurance broker.

Part of the reinsurances were placed with Norwich Union Insurance while other reinsurances were arranged with Lloyd's *underwriters.*

One of five Sturge aviation *insurance contracts was* reinsured by Gooda, Walker with syndicate 168, under the management of Oakeley Vaughan. Syndicate 168 took on reinsurance in excess of the risks assumed by Norwich Union. *If losses rise above $4m,* syndicate 168 would have to meet claims.

Like others involved in the reinsurance of the Sturge syndicate, syndicate 168 has been seeking other reinsurance protection *in the London insurance* market, and quotations on rates *have been asked for by under*writers.

Unit Trust Association to debate rule change

By Tim Dickson

A SIGNIFICANT rule change *is on the agenda at today's* annual general meeting of the Unit Trust Association (UTA).

If approved by members, who between them look after assets worth over £5bn, management groups will no longer have to tell the public that unit trust investment "should be regarded as long term."

This warning has been thought necessary to protect *small investors* unfamiliar with the risk inherent in equities.

The move to make the *phrase a voluntary part of* marketing literature and ad*vertisements*—as the rules stand it is mandatory for UTA members—is likely to find widespread support.

New funds in recent years have become increasingly specialist—and thereby volatile—and most managers consider it inappropriate that investors should invariably be advised to take a long term view.

More and more investors *are being introduced to unit* trusts through professional advisers. Many of these use specialist funds to switch clients' money from market to market, sometimes as often as every six months.

The "long term" rule was first adopted in 1972, though before that fund managers were not allowed to imply that unit trusts were anything but a medium to long term investment.

In the years following the formation of the UTA in 1959 most funds had fairly general *portfolios* and were *distin*guished either by aiming for a *high income or capital growth.*

At the end of the 1960's, however, overseas funds began to appear, a trend which was *speeded up in 1979* by the abolition of exchange controls. A number of funds specialising in certain sectors—such as oil and high technology and in particular gilts—have also been launched recently.

chairman of the UTA who ends his two year term today, said last night, "Our members have been anxious to get this stipulation changed for some time so we decided to institute a review of the rules *last year.*

Mr. Messer said that adver*tisements* and marketing literature for general funds would most likely carry *the* old warning.

Mercedes to market small petrol vans

BY JOHN GRIFFITHS

MERCEDES-BENZ yesterday launched itself into a high-volume sector of the UK vehicles market, that for petrol-powered vans of up to *3.5 tonnes* not derived from cars.

This is also the single *biggest* section of the commercial *vehicles* market, last year accounting for about 95,000 of Britain's total commercial vehicles sales of 266,000.

To cope with what it expects to be substantially increased sales Mercedes will begin selling *the vans through some* branches of its 100-strong net*work of* car-dealerships, in addition to sales through its commercial vehicles outlets.

Hitherto, although Mercedes has become the largest importer of trucks over 3.5 tonnes, *its* presence in the van market has *been confined to* diesels.

But these represented about 15 per cent only of the total 118,000 non-car-derived van sales last year. Mercedes sold 2,126 such vans in 1980.

Mr. Alan Grigg, Mercedes' UK commercial vehicles marketing manager, said yesterday that *although the vehicles going on* sale were launched in other markets in 1977, Mercedes until now had been unable to produce enough to start supplying the UK.

At the same time, the British subsidiary had needed to develop its own capability to handle the venture.

Mercedes will invest a further £30m in the UK by the mid-1980s, to consolidate and improve its position in both car and commercial vehicle markets.

In spite of a predicted further *10 per cent to 15 per cent fall* in the market for commercials *this year* Mr. Erich Krampe, Mercedes' UK managing director, has said Mercedes expects to raise sales of its own commercials from 5,000 to 6,000.

Mr. Grigg yesterday predicted that the fall in the non-car derived van sector would be as high as 19 per cent—"but it *will still generate* sales of almost 100,000 units and we are confident that our now complete range of light vans will provide a significant increase in market share."

The Mercedes vans are tackling a market dominated by the Ford Transit, which accounts *for more than one-third of all* sales but which in the past two years has also been penetrated rapidly by Japanese imports.

In the first two months of this year these accounted for 24 per cent, treading hard on the Transit's heels.

Electrical group to shut plant and axe 650 jobs

BY RHYS DAVID

LAURENCE SCOTT, the *Norwich-based* electrical engineering group, is to close its Manchester works in July, with the loss of 650 jobs.

The factory, established nearly 100 years ago, makes industrial electrical motors, and has been affected by reduced demand from the capital goods industries.

The company says the Man*chester works has* been losing money for some time, and that orders have now shrunk even further. Employees have been working a reduced week for the past six months under the Government's short-time working compensation scheme.

The group, which runs other *factories in Norwich,* Glasgow and Wolverhampton making various electrical and engineering products, including motors, was taken over last October by Mining Supplies of Doncaster.

The new owners said at the time that a link with a major equipment supplier would create a stronger market for Laurence Scott products.

But the company says there is *substantial production* overcapacity in the UK for electrical motors, with little prospect of any improvement through higher orders.

Demand in the UK from the steel, coal and water industries is down significantly, and contractors using Laurence Scott motors have found it increasingly difficult to win orders for projects overseas, because of the high value of sterling.

Grove Cranes is to make 60 workers redundant at its *Cowley and Bicester factories.* A call for volunteers for redundancy will be made at the company's factories tomorrow.

The Cowley *factory* will begin short-time working later this month and the Bicester plant in May.

About 750 workers at the John Player factory in Ipswich will be put on a four-day week from Monday following the decline in the cigar market and the Budget *increase in* the price of tobacco.

Optical fibre deal agreed

BY JASON CRISP

BICC, THE cables and construction group, said yesterday it has signed an agreement with Corning, the U.S. glass company, to set up a joint venture to make optical fibre in Britain.

The proposed investment will be £11.5m, including regional grants. The plant's location has not been agreed. BICC is *negotiating with development* agencies.

The proposed plant, to employ about 150 people, is expected to start production at the end of 1982. Most of its initial production will be of cable for the telecommunications trunk network.

BICC has had a development agreement with Corning for optical fibre *since* 1973. The decision to manufacture in Britain results partly from a British Telecom decision to advance plans to use optical fibre.

GEC, another supplier of telephone cables, is believed to be *in* discussion with Corning and BICC. It may become a third partner *in the venture.*

Standard Telephones and Cables (STC) is building an optical fibre plant in Britain. It is using a different technology and will have smaller capacity than the BICC plant.

Optical fibres are hair-thin threads of glass down which signals are sent in the form of light pulses. A pair of fibres can carry *nearly 2,000* telephone conversations.

The proposed BICC plant will have a total capacity of 100,000 kms of fibre a year. Production is expected to about 50,000 kms by 1984. STC's plant will have a capacity of 35,000 kms.

Corning's method of making optical fibre was established in 1970. It has gained strength world-wide. In Germany, Siemens has taken a licence for *Corning's* fibres. In France, where there recently has been a reorganisation of optical fibres, the leading role in producing Corning optical fibre will be taken by Sain-Gobain-Pont-a-Mousson, in a joint venture with Thomson and Corning itself.

The venture is expected to have a turnover of £10m in two *years.* The UK will *probably* be the first European country to make optical fibre using the Corning process.

BICC results, Page 22

Laker in scheduled flights move

By Michael Donne, Aerospace Correspondent

LAKER AIRWAYS, which has already applied for a big scheduled service network of routes between Gatwick and European cities, is seeking to turn many of its holiday charter routes into scheduled operations of the Skytrain type.

The airline has applied to the Civil Aviation Authority (CAA) for rights to fly *scheduled services from* Gatwick, Manchester, Glasgow and Prestwick to Agadir, Alicante, Athens, Barcelona, Corfu, Dubrovnik, Karo, Heraklion, Ibiza, Istanbul, Lanzarote, Las Palmas, Mahon, Malaga, Malta, Milan, Monastir, Naples, Nice, Oporto, Palma, Pisa, Rhodes, Rimini, Rome, Tenerife, Tunis, Turin and Venice.

Some of these are included *in the list of scheduled routes* sought from the CAA. But Laker already flies holiday charter services to these destinations with DC-10 or Airbus A-300 wide-bodied jets.

Laker believes that by seeking to turn its charter rights into scheduled service licences, the routes will be less vulnerable to political changes of mood in the UK and overseas. Scheduled service rights would also give it more control over the services.

At present, if several airlines, including Laker, seek holiday charter rights to a particular place, one or more airlines (possibly including Laker) may be denied such rights. This could not happen if Laker held scheduled service rights to those destinations.

The route licences sought would be from July 1 this year to June 30, 1991.

Laker sees no reason why its application should not be granted, because it already flies to those places on holiday charter operations.

But British Airways and British Caledonian have scheduled service rights to *some of the places involved,* while several holiday airlines fly *to many of them* throughout the year.

All these airlines can be expected to object vigorously to the Laker application.

Satellite centre established to boost industrial data

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE GOVERNMENT has set up *through the Royal Aircraft* Establishment at Farnborough a new organisation to provide industrial and other potential customers with the rapidly increasing volume of information now being obtained from satellites orbiting the Earth.

Called the National Remote Sensing Centre, it is based at the RAE, Farnborough, and has cost over £750,000 to establish. Running costs are about *£500,000 a year, and customers* will pay the full economic costs of producing the photographs and other data they require.

Remote *sensing* is the technical term given to the use of satellites to provide photographic and radio signals to help build up a picture of what happens on Earth.

The information collected by the various satellites is radioed back to Earth, where it can be *collected and processed into* photographs and charts for use by many organisations—commercial, military and scientific.

The wide range of uses for information gathered by "remote sensing satellites" includes mapping for land-use surveying; the monitoring of inland and coastal waters for pollution; surveying routes for railways, roads and pipelines; evaluating crop yields; monitor*ing of agriculture for disease* and pest control; and geological surveying for mineral and oil deposits.

It is estimated that, by 1985, the amount of information in these areas flowing back to Earth from all various satellites orbiting will amount to several billion separate items daily. Processing all this data, even with computers, will become a task of major magni*tude, well beyond the abilities* of any single commercial organisation.

The aim of the National Remote Sensing Centre will be to collect as much of this information as possible, from British, U.S., Soviet and other satellites, to process it and store it, so that it can be retrieved from the computers and turned into useful charts, maps or other types of information.

The centre expects *about* a third of its customers to be from *industry, one-third from* government and one-third from scientific *bodies, including* universities.

One major breakthrough already achieved by the National Remote Sensing Centre (which has been in operation for some time) is development of a technique known as "digital mosaic," which enables data retrieved *from the* present generation of Landsat satellites, now in orbit, to be interpreted in coloured map form for planning and environmental monitoring purposes.

The centre says this technique can be applied to almost any kind of satellite information. It has recently completed a project for Botswana using *the new technique, providing* more accurate map information than is available at present and giving data about areas where maps never before existed.

The National Remote Sensing Centre is being funded by various Government bodies, including the Departments of Industry, Environment and Transport, the Ministry of Agriculture, the *Overseas Develop*ment Administration, the Natural Environment Research Council and the Scottish Development Department, together with the Ministry of Defence Procurement Executive.

Top price for Brueghel

A PAINTING by Pieter Brueghel the Younger of feasting peasants sold for £250,000 at Sotheby's yesterday to Mrs. *Kraus, a Paris dealer. Unlike* many of his other works, it owes little to the style of his father, Pieter Brueghel the Elder, and is regarded as one of his best paintings. It made the top price in an Old Master sale which totalled £1,804,000.

One important lot, The Coro*nation of the Virgin by Tiepolo,* was bought in at £95,000 but generally the sale did quite well. The £95,000 paid by the London dealer John Mitchell for Flowers in a Glass Vase by Roelandt Savery was an auction record for the artist.

Other high prices were the *£90,000 for a portrait of a* gentleman by Titian and £69,000 for St. John the *Baptist in* prison visited by Salome by Il Guercino.

Ulster investment

THE forklift truck factory which was opened on Tuesday in Craigavon, Northern *Ireland, by the U.S.-owned* Hyster company took 17 *months to build.* It is the 15th plant the company has established.

Two-year fall forecast for construction output

BY ANDREW TAYLOR

CONSTRUCTION output in the UK is likely to continue to fall during the next two years and the start *of any recovery may* be delayed until late 1982, according to forecasts by the National Council of Building Material Producers.

The BMP expects construction output to fall by about 9 per cent in 1981 and a further 1.5 per cent in 1982.

The BMP estimates that the fall in construction output during 1981 and 1982 will be greater than that forecast by building and civil *engineering* committees, which at the end *of last year* forecast a 1981 decline of about 6 per cent followed by 1 per cent in 1982.

The BMP said yesterday that a recovery in construction activity, led by an improvement in private housebuilding, was unlikely until late 1982. Construction output in 1983 was *forecast to rise by 5.5 per cent.*

The prospect of a longer term *recovery* in construction activity, from its current low levels, has been a factor behind *the sharp rise in construction* and contracting share prices.

In the first quarter of 1981 the FT-Actuaries share index for contracting and construction rose by just over 41 per cent, outperforming every other sector of the market. The FT All-Share index rose 6.1 per cent over the same period.

Investors have been banking *on the fact that construction is* traditionally at the forefront of *any recovery in economic* activity.

Private housebuilding has shown signs of improvement in recent months, but the BMP said yesterday that this "initial spurt at the beginning of the year would not be followed through."

The BMP forecast that work would start on around 120,000 private sector homes in *1981* compared with 98,000 in 1980. *But any gains in the private* sector would be offset by significantly reduced local authority building programmes.

OUTPUT IN £M (1975 PRICES SEASONALLY ADJUSTED) AND PERCENTAGE CHANGE YEAR ON YEAR

	1980	1981	1982	1983
Housing	2,315	2,060	1,965	2,135
	(−18)	(−11)	(−4.5)	(+8.5)
Public non-housing	1,906	1,755	1,700	1,720
	(−7)	(−8)	(−3)	(+1)
Private industrial	1,375	1,125	1,095	1,160
	(−2)	(−18)	(−3)	(+6)
Private commercial	1,254	1,280	1,280	1,315
	(+5)	(+2)	(—)	(+3)
Repair, maintenance and improvement	4,142	3,800	3,815	4,080
	(+0.5)	(−8.5)	(+0.5)	(+7)
Total, all work	10,993	10,220	9,855	10,410
	(−5)	(−9)	(−1.5)	(+5.5)

Source: National Council of Building Material Producers

Nationalised industries gear up for boardrooms' pay claims

John Elliott looks at the salaries of state corporation directors

NATIONALISED industries have already started making arrangements to operate the flexible salary arrangements for the boards of State-owned corporations announced by the *Prime Minister* on Tuesday.

Electricity boards have set up an industry-wide panel of chairmen and non-executive board members to prepare recommendations on new salary levels, and the National Coal Board is planning an interim claim to restore differ*entials between its board* members and top management.

Meanwhile, Sir Peter Parker, of British Rail, and Mr. George Jefferson, of British Telecom, are likely to be among the first board chairmen to benefit from *the new rules.*

Sir Peter's £48,000 annual salary is being reviewed during negotiations, which are expected to be completed soon, renewing his contract as chairman. Mr. Jefferson's salary is *expected to be raised to* the official level of £53,000 fixed for Mr. Ian MacGregor at British Steel, when British Telecom is hived off from the Post Office in the autumn.

The salaries of other chairmen and board members will be reviewed during the coming year. *This will* usually be when individual industries fix the pay of their senior management which, in turn, normally follows their annual pay negotiations for manual workers and white-collar staff.

This suggests that a new nationalised board pay round *will emerge, probably starting* with water and coal in midwinter and moving on through industries such as airways, steel, coal, gas, electricity and rail, to posts and telecom in midsummer.

However, no one is sure how the system will work. The *details and criteria spelt out* briefly by the Prime Minister in the Commons on Tuesday follow her decision, announced last year, to remove the nationalised industries from the remit of the Top Salaries Review *Body, headed by Lord Boyle* until he was succeeded by Lord Plowden last month.

This move was aimed at enabling the industries to match market rates for their board members, introducing flexibility *into what for 10 years had been* a centrally controlled system.

It also fitted in with the Government's dislike of comparability pay systems — the Review Body operated by comparing salary levels in the nationalised boards (and the armed forces, judiciary and *Civil Service which it still* covers) with the private sector.

Under the new system, the chairmen and non-executive members of each industry will prepare salary proposals for their full-time board members. These will be submitted to their *sponsoring Ministers who will* then fix the pay levels in con*sultation with the Civil Service* Department.

Nationalised industry Boardroom pay has been a controversial subject for many years. It has usually been affected more by political considerations than industrial priorities.

*The Review Body was intro*duced in 1971 to try to bring *some order* to a chaotic system. But its attempts to keep the naionalised industries (and the judges and top armed forces officers and civil servants) in line with the private sector was constantly upset by successive government's incomes policies.

The industries found it in*creasingly difficult to* attract recruits as relative pay levels declined. Specialist board members became hard to find, and many candidates for chairmanships refused. They did not want to grapple with the prob*lems of State industries,* and cope with constant interference from Whitehall, for the sums being offered.

Eventually exceptions were made. At BL, which is not strictly a nationalised industry *and so escaped from the cen*tralised system, Sir Michael Edwardes has been relatively highly paid.

BL's last published figures show his salary was £57,200 in 1979. This probably rose to *£60,000-£65,000 last year,* and a figure estimated at about £100,000 is being considered as part of his current reappointment negotiations. Similarly, Lord McFadzean secured a £60,000 salary for taking over Rolls-Royce last year.

Within the system, special *arrangements were made last* year attract Mr. Ian MacGregor to British Steel; and he is to share in a performance-related bonus of up to £1.9m. Perhaps in response to the storm this created, Mr. MacGregor quietly waived a £4,500 basic salary increase last year.

Less *spectacular special* arrangements have also been made for other chairmen.

Mr. Robert Atkinson was allowed to become non-executive chairman of his old company, Aurora Holdings, when he *moved to British Shipbuilders* last year. He is officially on secondment (to protect his Aurora pension rights) and Aurora is believed to pay him between £5,000 and £7,000 a year for his non-executive chairmanship.

Sir Peter Parker wants the *Transport Department to allow* him a day off a week to develop other interests. Whether he accepts a further term as British Rail chairman may depend more on him being granted this concession than on obtaining a big *salary increase.*

Industries such as British Rail are also likely to want to raise the general salary levels of their boards to create room *for more increases for top levels* of executive management.

Some chairmen *estimate* that they really need rises approaching 20 per cent to bring their boards up to private sector levels. But they know the *Government may not favour this* when it is trying to keep pay *rises down.* In the future they are likely to remind the Prime Minister that she said on Tuesday she wanted the salaries fixed according to "managerial and market considerations."

EXISTING SALARIES IN MAJOR STATE INDUSTRIES

Industry	Post	Full-time salary*
Rolls-Royce	Chairman	£60,000
	Board Members	£25,000 to £50,000
BL	Chairman	£57,200 (in 1979)
	Board Members	£45,000 to £50,000 (*in 1979*)
BNOC	Chairman	£58,500
	Board Members	£35,000 to £40,000
Steel, Telecom†	Chairman	£53,000
	Board Members	£35,000 to £40,000
Rail, Gas, Shipbuilders, Coal, Airways, Aerospace, Electricity Council, Post‡	Chairman	£48,000
	Board Members	£25,000 to £35,000
CEGB, NEB, Atomic Energy	Chairman	£42,000
	Board Members	£25,000 to £35,000
Civil Aviation, Airports, Bus, Cable & Wireless	Chairman	£34,000
	Board Members	£20,000 to £30,000
Transport Docks, Water, Crown Agents	Chairman	£30,500
	Board Members	£20,000 to £25,000

* Part-time chairmen and board members are paid pro rata.

† Mr. Ian MacGregor chairman of British Steel waived a *£4,500 increase* (from £48,500) last year but has substantial extra payments geared to performance. British Telecom is expected to be rated at this level later this year.

‡ The Post Office is expected to be rated at this level later this year.

Law Lords weaken rule against copyright pirates

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

AN IMPORTANT weapon in the legal battle to stop the pirating of copyright material has been gravely weakened by the House of Lords.

The Law Lords ruled yesterday that people allegedly involved in making or distributing unauthorised tapes of records or films could not be ordered to disclose in civil proceedings the names of their suppliers and customers if, by so doing, they might incriminate themselves.

The ruling weakens the usefulness of what are known as "Anton Piller" orders, under which the court authorises searches of property and seizure of infringing material.

Such "search and seize" orders also require disclosure of information by these caught in pirating activities.

The Law Lords dismissed an appeal by Rank Film Distributors and six other film companies, representing the owners of the copyright in nearly every English language film shown in the UK.

The companies had challenged a Court of Appeal decision that disclosure requirements in Anton Piller orders against Video Information Centre and people connected with it could not stand.

Lord Fraser of Tullybelton said it was contended that if compelled to disclose the information, the Centre's owners would run a risk of providing evidence that they had been guilty of criminal offences under the Copyright Act or of conspiracy to defraud.

That risk was neither remote nor fanciful.

English law gave a privilege against self-incrimination. Rank had argued that that could be protected by an express restriction against the use by copyright owners of the disclosed information in any prosecution. But that, said the judge, could not be binding on a prosecutor or criminal court.

Nor could he accept Rank's argument that civil courts could sit in private whenever incriminating information was referred to. Such a procedure would raise practical difficulties and be objectionable in principle.

He concluded, "with some regret," that the objection based on the fear of self-incrimination was well founded and should be upheld.

Lord Wilberforce said that it was a strange paradox that the more criminal a pirate's activities could be made to appear, the less effective was the civil remedy that could be granted. But that was the effect of the privilege against self-incrimination.

Judgment to be given in Salem tanker case

By Raymond Hughes, Law Courts Correspondent

JUDGMENT WILL be given in the Commercial Court today on the $56m (£24m) insurance claim by Shell International Petroleum Company over the loss of the cargo of the tanker Salem.

The claim is against Lloyd's underwriters, who contend that the cargo was lost as a result of a fraud against which Shell was not insured.

The Salem was carrying 196,231 tonnes of crude oil when she left Kuwait on December 10, 1979. On January 17, 1980, she was scuttled off the coast of Senegal after having discharged her cargo secretly at Durban.

Shell claimed that the cargo had been lost as a result of an insured risk.

The company recovered $30.5m (£14.1m) from SFF Association, South Africa's official oil-purchasing agency, as payment for part of the cargo. It is holding that amount to the credit of the underwriters in the event of their being held liable.

The underwriters, represented by Mr. Caryl Gibb, argued that Shell's insurance had been for a voyage from Kuwait to Italy, and that, as the voyage had in fact been to Durban, it had not been an insured voyage.

Shell's insurance, said the underwriters, was a standard "ship and goods" policy that did not cover theft and was not concerned with fraud or subterfuge.

It is expected that whatever the case's outcome today it will be taken to the Court of Appeal.

Shipping finance role crucial for Oceanic

FINANCIAL TIMES REPORTER

OCEANIC Finance Corporation, the Bermuda-based ship financing organisation, together with the London branch of the Marine Midland Bank NA, have provided US$25,950,000 to finance the purchase of one of the world's biggest ore-oil carriers of 270,000 deadweight tons.

The ship has been acquired by Turnberry Shipping Corporation SA—a company wholly controlled within the Oceanic group—and has been fixed on a long term charter.

The *financing has taken the* form of a 12-year multi-currency facility offering the owner the maximum flexibility within the eurocurrency markets, says Oceanic.

The financing of the ship was structured and arranged by Oceanic Finance Corporation, which was formed in 1977 to specialise in ship finance, and it brings the fleet financially controlled by Oceanic to more than 1m deadweight tons.

Commenting on the deal, Mr. Paul Slater, Oceanic's president, said yesterday: "We have always advocated the concept of the 'financial shipowner' as being right for tomorrow's shipping industry.

"The enormous demands on capital produced by the high cost of new building, coupled with fluctuating interest rates, uncertain freight markets and unstable currency exchanges put almost intolerable pressures on the shipowner.

"With more than 1m. deadweight tons, Oceanic can now consider that it has begun to make a case for financial shipowning."

To order now a new replacement for the ship just acquired would cost over $100m, for delivery *in 1984, he said.* "*It is* therefore, arguable whether the private shipowner will be able to raise the level of capital on the financial markets for investments of this nature.

Providing these large sums of capital was the right role for the financial shipowner, leaving the "beneficial owner" to do the thing he was best equipped for — running and operating ships, said Mr. Slater.

"The need to re-examine the traditional methods of ship finance becomes even more apparent when we see from our researches that some $15bn will be required per annum to finance the regular flow of new ships through the 1980s."

No rum quite like Bacardi

BACARDI and Company has finally disposed of its High Court action alleging substitution of Courage's own brand of white rum at public houses in the Courage group of companies when customers ordered "Bacardi."

Mr. Peter Prescott, counsel for Bacardi, told Mr. Justice Dillon yesterday that the action had been compromised with a final order in which the defendant companies gave permanent undertakings.

Seven defendants were listed in the action: Courage; Courage Brewing; Courage (Western); Courage (Eastern); Courage (Central); John Smith's Tadcaster Brewery; and Anchor Hotels and Taverns.

They agreed that the word "Bacardi" was a brand name for rum which denoted the Bacardi product and no other. They also agreed not to supply other rums in response to an order for Bacardi without explanation and the assent of the customer. Mr. Michael Beloff gave the undertakings for all seven defendants.

Damage claim 'delayed too long'

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

A SHIPOWNER who delayed more than eight years before pursuing a $221,733 damages claim against the charterer of one of its vessels cannot now go on with the claim, the Court of Appeal ruled yesterday.

Because of the lapse of time, and the impossibility of the charterer now being able to obtain evidence, there could not possibly be a fair trial, the court said.

An appeal by the owner, Marine Transocean, against an injunction granted by the Commercial Court stopping the case, was dismissed.

Lord Denning said that the motor vessel Splendid Sun, on charter to Andre et Compagnie, was damaged while berthing at a Venezuelan port in May 1969.

The owner blamed the charterer, who denied liability. Each side appointed an arbitrator, but nothing more was done until January 1978 when the owner revived the claim.

The charterer went to Venezuela seeking evidence, but none was available. It then sought an injunction against the owner and the Commercial Court held that the arbitration agreement had been frustrated by the owner's delay.

Lord Denning said that it had been for the owner to get the case moving and when it did not do so the charterer had been justified in assuming that the claim was not being pursued.

The House of Lords appeared to have ruled recently that in such a case there was, by implication, a mutual obligation on the parties: if one did not get the arbitration moving, the other had to do so.

That implication was neither obvious, reasonable nor necessary—nor did it accord with reality, said Lord Denning.

If the owner wanted its money, it should get the case moving: if it did not do so, it would be most unjust to put on the charterer an obligation that no one had ever thought of before.

The cases in which arbitrators were appointed and then nothing more happened were legion. "Does that mean that the claimant can revive the case five, eight, 15 or 20 years later? I cannot believe that the House of Lords intended any such thing," said Lord Denning.

MPs want more public spending

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

AN INCREASE in public-sector investment has been recommended by an all-party committee of MPs in a report which expresses scepticism about the Government's view of the economic outlook.

The Treasury and Civil Service Committee of the Commons, chaired by Mr. Edward Du Cann, the Conservative MP for Taunton, yesterday published a report on the Budget and the Public Expenditure White Paper ahead of today's Commons debate on public spending.

The report focuses on public-sector investment and on the prospects for economic recovery.

There are now more open differences of opinion on the committee than with previous reports. The minutes of proceedings show that several Tory MPs, especially Mr. Jock Bruce-Gardyne and Mr. Anthony Beaumont-Dark, tried to tone down some of the criticisms of the Government's strategy, with little success.

The committee notes that the proportion of the total public spending represented by fixed capital expenditure (including nationalised industries) has dropped from 19.4 per cent in 1975-76 to a projected level of 12.4 per cent in 1981-82.

The report says that, "irrespective of what political view is taken about overall public spending as a proportion of Gross Domestic Product, the committee believes that the decline in capital spending relative to current expenditure should be halted and reversed."

"Provided that the programmes are properly appraised and efficiently implemented, public-sector investment can be as desirable as private-sector investment. Major improvements of the infrastructure are necessary for the maximum effectiveness of the economy.

"We urge the Government to raise significantly the proportion of public investment within the total of public expenditure from its present low level."

The committee intends to look into the constraints implied by present financing arrangements whereby all borrowing counts within the public-sector borrowing requirement.

Looking at the prospects for economic recovery the report examines the main influences on the economy.

It states: "Even if, as we would hope, the factors identified by the Treasury do promote some recovery in the components of Gross Domestic Product in the short term, it is noticeable that none of them individually seem to be a reason to expect significant sustained growth in the medium-term; even when taken together, they do not lead to a view of the future that there will be a strong upturn."

The report also questions the recent remarks by Mr. Nigel Lawson, Financial Secretary to the Treasury, on monetary policy.

The committee says "the rate of growth of the money supply surely cannot be used in advance as an instrument to control both independent objectives of the rate of inflation and the real level of output?

"It is unclear why, in the Financial Secretary's view, money-supply growth above the rate of inflation should end up increasing output rather than prices."

The committee describes as unconvincing the argument that the Budget measures will not be contractionary because there will be an expansion in the real money supply.

"The Treasury's revision of their original deliberately cautious assumption of an average GDP growth rate of 1 per cent per year after 1980 to one of ½ per cent per year may therefore be justified."

"With such a low level of growth, much of which is accounted for by North Sea oil and gas, and the implications this has for the other sectors of the economy, the medium-term prospects for unemployment in particular are bound to give concern."

Fifth Report from the Treasury and Civil Service Committee, Session 1980-81; House of Commons Paper 232-1.

UK NEWS — PARLIAMENT and POLITICS

Gilmour rejects Giscard claim on EEC rules

BY IVOR OWEN

RECENT allegations by President Giscard d'Estaing that Britain is not prepared to obey the rules of the EEC were flatly repudiated by Sir Ian Gilmour, Deputy Foreign Secretary, in the Commons last night.

He described them as "wholly unfounded" and challenged the French President to specify which rules Britain had either broken or was not prepared to observe.

To cheers from both sides of the House, Sir Ian also suggested that at the same time President Giscard might list the rules which France had broken in the past and was breaking at the moment.

He was equally outspoken in condemning the French President's assertion—made in the course of an interview with a French newspaper — that Britain's entry into the Community had been a mistake.

"The idea that it would have been better for the Community to have remained a Community of Six seems to me parochial and out of touch with history," Sir Ian declared.

He praised the part played by the late President Pompidou—"a far sighted and realistic statesman"—in agreeing to the enlargement of the Community, and acidly recalled that M. Giscard had been a prominent member of the French Cabinet at the time.

Gilmour: described allegations as 'wholly unfounded'

Sir Ian made a robust assessment of the prospects for making progress in restructuring the Community's budget when Britain assumes the Presidency of the EEC on July 1.

His optimism was in sharp contrast to the fears of Mr. Denzil Davies, the chief Opposition spokesman in the debate, who calculated that even after the rebate negotiated last year, Britain would be making a net contribution of at least £500m to the 1981 budget.

He forecasts that unless a better deal were secured, support for Labour's policy of freeing Britain from the excessive burdens imposed under the Treaty of Accession and the Treaty of Rome would become so irrisistable that even the present Government would be unable to ignore it.

Sir Ian, who dismissed the selective abrogation of Treaty commitments implicit in Labour policy as legally impossible, stressed that some of the preliminary work on the admittedly major task of restructuring the Community budget was already in progress.

The EEC Commission, he said, had been urged to bring forward its paper on restructuring in good time so that the heads of government could have a first discussion at the end of June and Britain had also been exchanging ideas on an informal basis with other member governments.

A leading anti-marketeer, Mr. Douglas Jay (Lab., Battersea North) scoffed at the idea of fundamental reform resulting from any scheme devised by the EEC Commission and claimed that the British Government had already agreed not to initiate any proopsals.

Davies: called for a better EEC budget deal

Sir Ian retorted that it was not clear to him that the EEC Commission would not make adequate proposals although he conceded that in the first instance it was a matter for them.

If the Commission did not act in the way the Government expected, "other people" would have to put proposals forward, he declared.

Sir Ian contended that the basic objective of the restructuring must be to ensure that in future the Community Budget did not result in any member state being put in the unacceptable situation—in which the present Government found itself on taking office—of bearing an excessively high proportion of the cost of the Community.

But he accepted that it would be neither practical nor appropriate to seek to overcome the problem by simply increasing the total of Community expenditure.

Britain was firmly opposed to raising the ceiling of a 1 per cent VAT contribution, and both the German and French Governments were firmly on record with identical views in this issue.

Sir Ian said he approached the restructuring exercise in a spirit of cooperation and with confidence. "Much is at stake on both sides. We wish to see a Community greatly strengthened, with an agreed common fisheries policy with less costly agricultural funding which does not encourage the production of surpluses, and a budgetary system which is equitable."

Steel says agreement with SDP essential by mid-July

BY RICHARD EVANS, LOBBY EDITOR

MR. DAVID STEEL, Liberal leader, was hopeful yesterday that an agreement could still be reached between the Liberals and the Social Democrats by the summer despite the increasing caution of some SDP MPs.

Mr. Steel, who has been pushing hard for an early agreement on a broad range of policies, admitted on BBC radio that he was finding negotiating with the SDP corporate leadership "very frustrating."

But he stressed it was essential that if there was to be an agreement, he would have to have details by mid-July so that it could be presented to his assembly in September.

The alternative was to lose a year which would mean that more Liberal candidates would then be adopted and an effective electoral alliance would become much harder to forge.

Both Mr. Steel and Mr. William Rodgers, one of the SDP's four leaders, were anxious yesterday to refute suggestions that deals were being done without adequate consultation.

There is growing suspicion in both the SDP and Liberal ranks that Mr. Steel and the Gang of Four are trying to force the pace too rapidly. These feelings could now lead to a delay while suspicions are calmed.

Once this has been done, leaders of both parties see no reason why agreement should not be reached by the summer deadline. The question that remains open is how detailed this will be.

Mr. Rodgers, speaking in London, claimed there was no political significance in the delay in reaching agreement with the Liberals.

"There must inevitably be a series of discussions about the terms of our agreement. We want to maximise our support in elections and we want to avoid the policies of confrontation," he declared.

In his view it was vital for the country to have a successful private sector and an efficient public sector, together with a degree of economic stability. He saw the best opportunity for this in combining the efforts of the Liberals and the Social Democrats.

Mr. Steel commented in a London speech that while the next general election may appear a long way off the two parties did not have a leisurely three years in which to construct an alliance.

"The hard reality is that the steps we take in the next six months will determine whether or not the challenge we mount at the next general election will prove effective."

He was convinced that Liberals and Social Democrats shared a common commitment to the central objective of an alternative economic policy. The latest opinion poll ratings recorded an unprecedented degree of support for an alliance and that meant both parties must prepare for government.

The decision by Lord Mais, the former Labour peer and Lord Mayor of the City of London in 1972-73, to join the Liberal Party was welcomed by Liberal peers yesterday. Lord Mais, who resigned the Labour whip in 1979, will become one of the Liberal Party's spokesmen on industry.

"I believe that constructive co-operation between the Liberal Party and the SDP could revitalise the politics of the centre and that the mass of the voting population will recognise the benefits to be derived from this," he said yesterday.

Alliance will be stormy, Pym forecasts

IF THE Social Democrats and Liberals are able to come to terms on a political alliance it will be a stormy relationship, Mr. Francis Pym, Leader of the Commons, forecast yesterday, writes Ivor Owen.

In a warning to Conservative supporters not to be downcast by the Government's present difficulties, he urged them to take heart from the divisions in the Labour Party, the uncertainties among the Social Democrats over key policy issues, and the threat to the Liberals implicit in any political realignment.

Mr. Pym, speaking at a Press gallery lunch, suggested that the Liberals were in a state of shock as the Social Democrats sought to occupy the ground which they had regarded for so many years as their own preserve. As the Liberals saw the invaders over the horizon, "if you can't beat them join them," might seem a sound enough principle, he said.

"But I suspect that if this relationship develops, there will be need for constant visits by marriage guidance counsellors."

Mr. Pym predicted that as the novelty of the Social Democrats waned, they would have to get to grips with the real problems of politics. They would have to work out, and more significantly agree, a comprehensive set of policies to lay before the British people. "Hard though they may try not to have any, they won't get away with that," he promised.

Mr. Pym confirmed that he had been reluctant to leave the Ministry of Defence when he was at the centre of the Cabinet reshuffle in January, but discounted reports that he is at odds with the Prime Minister over policy.

'M25 may not ease congestion'

By James McDonald

THE M25 London orbital road will only marginally ease the critical traffic conditions in inner London, if at all, according to Metropolitan Police evidence yesterday to the House of Commons Transport Committee.

The committee, hearing evidence on transportation in London, was told that the greater part of the M25s' length will be outside the Metropolitan Police disrict—20 r miles radius from Charing Cross.

On the other hand, Mr. J. S. Wilson, assistant commissioner traffic and technical support, estimated that inner ring roads, if built, could ease rtaffic pressure i nthe "glu pot" of central London by about 20 per cent.

Written police evidence said that the main organisational difficulties in dealing with transportation problems in London seemed to be "fragmentation of highway authority responsibilities for different sections of the road hierarchy, which leads to the adoption of different priorities.

'This situation tends to protract, if not entirely discourage, progress towards agreement on ways of achieving a balanced solution."

On taxis and private hire vehicles, the police memorandum says: "Police have no collated evidence but their intuitive experience confirms that elements of criminality among certain mini-cab drivers do exist and that the conditions of some vehicles gives cause for concern."

Brown 'named' for discourtesy

FINANCIAL TIMES REPORTER

LABOUR Left-winger Mr. Ron Brown (Edinburgh, Leith), was ordered out of the Commons yesterday after accusing a Government Minister of "lying" over the case of two people in Glasgow who figured in an incident involving the distribution of radical newspapers.

Mr. Brown—one of the three Labour MPs who hit the headlines recently on a visit to Afghanistan—was "named" by Mr. George Thomas, the Speaker, for "gross discourtesy to the chair."

Tory MPs shouted "out, out" as the Speaker ordered him to leave the chamber.

Mr. Brown left his seat and slowly walked out, turning to shout: "So much for democracy."

He is suspended from the Commons for a week but is still paid.

The row erupted as Mr. Brown raised the case of what he described as the "Glasgow Two" during questions to Mr. Nicholas Fairbairn, the Solicitor General for Scotland.

Mr. Brown said: "Is it not the case that the two commonly known as the Glasgow Two, were charged and convicted for a breach of the peace, and, more importantly, was it not true that prior to that, they were charged under the Prevention of Terrorism Act, so why did the Minister deny this. Why did they lie to us?"

His allegation brought a storm of protest from MPs—"lie" is a banned word in the House, when referring to a member.

As the Speaker shouted "order," Mr. Brown refused to sit down, and continued shouting.

"You are very fortunate you are not being named," said Mr. Thomas as Mr. Brown continued to stand.

"You have been here long enough to know that when I get up, you resume you seat. It is extremely discourteous."

But the fiery MP continued to stand, and to Tory shouts of "name him, name him," Mr. Thomas said: "You are inviting me to name you. You will leave this Chamber . . ."

Then came the naming. "I name Mr. Ron Brown for gross discourtesy to the chair," said Mr. Thomas.

Comptroller rules out joint audits

By Gareth Griffiths

JOINT AUDITS between Government Departments and the Exchequer and Audit Department were ruled out yesterday by Sir Douglas Henley, Comptroller and Auditor General.

Sir Douglas criticised Government Departments' internal auditing systems in a report on Monday. But yesterday he told the Commons Public Accounts Committee he did not want joint audits between his Department and other Departments, although he has promised the Departments co-operation in reforms.

The audits produced by Sir Douglas are intended for publication. He said this involved a great deal of research and reports were to some extent negotiated. Internal audits were intended for departmental use and not for publication.

In evidence to the committee the Ministry of Agriculture, Fisheries and Food discounted Sir Douglas' proposal for a Service-wide group of professionally qualified accountants to act as internal auditors.

The Ministry's report said such an approach "could be thought to downgrade the standing of auditors appointed from within Departments and it might well make internal audit less effective, since the members of a Service-type cadre would be less likely to have operational experience of the Department to which they were allocated."

BSC price cutting policy under attack

BY MAURICE SAMUELSON

PRIVATE STEEL producers yesterday protested strongly against the British Steel Corporation's aggressive price cutting policy and said that it was no longer justified as a means of rolling back imports.

While saying that the Corporation was not deliberately out to destroy independent companies, they said this was bound to result from its prices which, in some cases, were lower than those of steel imported from Europe.

The British Independent Steel Producers Association, giving evidence to the Commons Select Committee on Industry and Trade, also urged BSC to withdraw from areas of steel making which were far less central to its operations than they were to private producers.

Mr. Selwyn Williams, a director of BISPA, said that instead of prices being cut, they should now go up by about 15 per cent.

Import penetration, which had reached 50 per cent in the first quarter of 1980 because of the steel strike, had fallen to 26 per cent in January 1981 and was now probably close to the 23 per cent pre-strike level of 1979.

BISPA, giving a list of products in which BSC and private companies overlap, said BSC should withdraw from these areas either by divesting its assets to private buyers; by forming new joint companies with at least 50 per cent private ownership; or by forming wholly owned BSC subsidiaries which would be subject to normal commercial discipline and not supported by public funds.

The Association also complained about energy prices and said that instead of cutting the next electricity price rise from 16 to 12 per cent, the Government should cut the present price by 30 per cent. The in-

Setting tongues wagging in the cathedral cloisters

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

WHEN THE late Lord Beaverbrook offered Francis Williams the job of financial editor of the Daily Express he took him to the top of the building and showed him the City offices looming behind the great dome of St. Paul's.

"There my boy are the two greatest powers in the world—God and Mammon!" he declared dramatically.

It now seems that having upset a few worshippers of Mammon, Mrs. Thatcher is in danger of embroiling herself in a church controversy of a bitterness which makes the problems of money supply and public spending fall into insignificance.

On Tuesday the Prime Minister set tongues wagging in the cathedral cloisters when she seemed to come down on the side of those in the Church of England who want to see the 1662 Book of Common Prayer superceded by a more up-to-date version.

Yesterday, there was a strong backlash in the Commons from MPs who are appalled at the prospect of Cranmer's prayer book being pushed aside by a "pop version."

Viscount Cranborne (C., Dorset S.), was introducing his Prayer Book Protection Bill which stipulates that the old liturgy must be used for at least one service a month if 20 parishioners issue a petition calling for it.

Opposing him was Mr. William van Straubenzee (C., Wokingham) a member of the general synod of the Church of England, chairman of the dioceses' commission and patron of the Living of Rockbourne. This list of offices has earned him the Commons nickname of "the bishop."

The proceedings got under way with an exchange of elaborate compliments rather in the manner of that feline couple, Hinge and Bracket. Viscount Cranborne looked forward to hearing Mr. van Straubenzee's speech which he felt sure would be delivered with his customary eloquence.

For his part, Mr. van Straubenzee wished to make it clear how difficult it was to oppose a motion which the noble viscount had put forward so charmingly.

This was a bit too much for some of the more fervent spirits on the Labour benches. "Pompous ass—get on with it," they growled as the Viscount developed his argument.

But there were robust cheers as he described the old prayer book as one of the glories of English Literature and predicted that the triumph of Mr. van Straubenzee's point of view would lead to its slow strangulation.

In the majority of theological colleges in Canterbury and York, he said, the old prayer book was not used at all (cries of "Shame").

Mr. van Straubenzee however had checked the figures and said that in four of the colleges the 1662 version was not in use (shouts of "outrageous"); in four of them it was used occasionally and in six regularly.

At the heart of the dispute is the Worship and Doctrine Measure of 1974 which says the Church should be responsible for the form of service without interference from Parliament—in other words the old issue of Church v. State.

In the end, MPs voted in favour of the Viscount's Bill by a majority of 22 (152-130). With this challenge thrown down, Mrs. Thatcher might well follow the example of her predecessor, Harold Macmillan, and take to reading Trollope, that master of ecclesiastical intrigue.

LABOUR

Hailsham says there may be no major trade union legislation

BY JOHN LLOYD, LABOUR CORRESPONDENT

A CLEAR indication that the Government is not prepared to bring in comprehensive legislation on trade unions, or a code of rights, as discussed in the Green Paper on Trade Union Immunities, came yesterday from Lord Hailsham, the Lord Chancellor.

Lord Hailsham's comments supported the step-by-step approach taken by Mr. James Prior, the employment secretary, and went a step further in pouring cold water on the prospect of any major trade union legislation in the near future.

Giving evidence to the Commons Select Committee on Employment, Lord Hailsham said: "In my opinion discussion should at any rate for the time being, concentrate on individual issues and remedies."

"Although theoretically the need for comprehensive legislation still exists and must one day be met, I do not think the state of public opinion at the moment justifies a maximalist or comprehensive approach either to trade union or industrial relations law."

The Lord Chancellor said that a code of rights floated in the Green Paper was unlikely. "A statement of right, would probably be unacceptable without a corresponding statement of obligations. There is not sufficient public consensus for a comprehensive code.

"Without suc ha code, comprehensive statements, whether of rights, obligations or both, is unlikely to be acceptable and should, I think, be regarded as undesirable."

Lord Hailsham said that if the closed shop case, brought by railway workers against the UK Government and under consideration by the European Court at Strasbourg went against the Government there would be a need for legislation to bring British law on the closed shop into line with that of Europe.

"We are under international obligation to make our own law conform to the Strasbourg Convention, and in the absence of a Bill of Rights incorporating the convention in our domestic law, would need primary legislation to do so."

The Chancellor said the opportunity for comprehensive legislation on trade unions, had been missed in 1971. It would come again, but not for some years.

Any codification of rights would have to include a codification of obligations.

He also rejected the possibility of making contracts with unions legally enforceable, saying that in practice, employers never attempted to sue when contracts with unions or employees had been broken by a strike.

Air control men back early strike

BY PHILIP BASSETT, LABOUR STAFF

AIR TRAFFIC control staff are showing increasing support for taking industrial action after Easter as part of the Civil Service strikes over pay. Action by the staff involved would seriously disrupt UK air traffic.

Th results of a string of meetings last week air airports likely to be involved, including Heathrow, Gatwick, Manchester, Cardiff, Prestwick, Aberdeen and Edinburgh showed heavy support for the proposals for action. It would be likely to involve short, selective strikes at a number of the Civil Aviation Authority's 20 airports.

Support was particularly strong at such key centres as the West Drayton control centre near Heathrow, Prestwick control centre at Strathclyde, which handles much of the Atlantic traffic, Heathrow itself and Manchester.

Some staff at the meetings even suggested that the action taken should be more extensive than the selective action being proposed by the Council of Civil Service Unions, saying that the entire air traffic control operations should be shut down "cleanly."

Union officials recognise that not all the staff involved attended the meetings, so membership ballots are being conducted by the two unions most centrally involved—the Institution of Professional Civil Servants, which represents controllers, and the Civil and Public Services Association, representing controllers' assistants. Results are likely to be known next week.

The unions will today announce an intensification of the action at ports and airports, involving Customs staff. Union leaders will also announce that about 12 Ministry of Defence supervisors who handle cranes and lifting gear at Devonport dockyard in Plymouth will come out on indefinite strike from today.

Officials will also disclose further details of action in the Inland Revenue, including the questioning by police in Scotland of two strikers from Cumbernauld tax computer centre who had been following cars driven by senior management. The managers were picking up the mail normally destined for the centre and taking it elsewhere to be sorted and processed.

Unions are taking legal advice on the questioning, believed to have been done under the Conspiracy and Protection of Property Act 1875, and on the Inland Revenue's suspension of staff.

Defence staff at the Polaris nuclear submarine base on the Clyde, who were given until noon yesterday to work normally so as to allow the sailing of the Polaris submarine HMS Resolution, had their deadline extended until noon today.

Foot points to jobless 'fury'

BY CHRISTIAN TYLER, LABOUR EDITOR

GOVERNMENT claims that there was no altternative to present policies were no longer believed, and there was a "rising scale of fury" about what was happening, Mr. Michael Foot, leader of the Opposition, told an audience of trade union activists yesterday.

He was speaking at a rally in Central Hall, Westminster, after about 2,000 printers, construction workers and others had marched from Tower Hill as part of the TUC's week of protest over unemployment.

The main theme of yesterday's speeches was that the "no alternative" theorem was untrue. Mr. Foot said that was one difference between today and the last big recession

"In those days, we demonstrated against mass unemployment, but I believe in those days people believed that there was no alternative to what was happening. I don't believe people accept that now." There was no mood of despair in the demonstrations taking place up and down the country, he said.

Among may trade union speakers, Mr. Bill Keys, general secretary of the Society of Graphical and Allied Trades, went furthest in suggesting that the Government should be forced out of office before the next election was due.

Hugh Routledge

Mr. Len Murray with protesting school dinner ladies.

Talks to end BA dispute

TALKS were taking place yesterday to try to end a pay dispute which has held up a £2m consignment of aircraft parts.

Workers at British Aerospace's factory at Hurn Airport, Christchurch, Dorset, have been refusing to load the 30 tons of components, part of a multi-million pound order destined for Romania, until the dispute is settled.

Last Wednesday, they would not put them on board a plane hired by the management for £30,000. A Hercules Transporter plane is now waiting at the airport, and management hope it will be loaded and ready to fly on Friday.

Insurance staff accept 15.1% pay package

BY OUR LABOUR STAFF

THE ASSOCIATION of Scientific, Technical and Managerial Staffs said yesterday that its members at the head offices of the Royal London Mutual Insurance Society in Colchester and London had accepted a 15.1 per cent pay package.

This is made up of a general increase of 13.1 per cent effective from June with a lump sum payment of 2 per cent to be paid in May.

The 13.1 per cent includes the consolidation of a 1.1 per cent bonus paid last year. Longer serving staff will benefit from the removal of incremental barriers, the union said.

ASTMS has agreed settlements worth 12 to 15 per cent with insurance companies during the current wage round. The Royal London agreement covers more than 600 head office staff.

● An arbitration award at Barclays Bank International provides for a 21 day holiday entitlement for staff with less than three years service, and for clerical grades 1 and 2.

The award, which follows a claim from the Banking, Insurance and Finance Union gives 23 days for staff with 3 to 5 years' service and clerical grade 3; 24 days for staff with 5 to 10 years' service; 25 days for 10 to 15 years' service and clerical grade 4.

Ambulancemen call for strike

SOUTH YORKSHIRE ambulancemen yesterday demanded a national strike if a pay offer is not increased.

Their demand, backed by National Union of Public Employees officials, followed a series of branch meetings.

The ambulancemen rejected the pay offer of between 6 per cent and 7.5 per cent, and recommended that NUPE negotiators call a national strike if there is no higher offer.

Mr. David Wild, the union's area officer, said the ambulancemen were angry and "it is most likely that a national strike will be called."

Councils cool on claim

A 13.3 per cent pay claim on behalf of more than 500,000 local government workers was given a cool reception by the employers at a National Joint Council meeting at Gateshead yesterday.

Mr. David Chatfield, chairman of the employers' representatives, said the claim—if it was met in full—would cost local authorities about £600m a year and would mean employing fewer people.

"We simply can't afford it, and we have put in a counter claim based on a new wages' structure. We consider that the claim submitted by the unions is in the region of 20 per cent. The position will now be discussed by the executive committee," he said.

Mr. Mike Blick, of the National and Local Government Officers Association and chairman of the staffs side of the National Joint Council said: "The claim is a very modest one, particularly in view of recent settlements in the nationalised industries. Our members, like everyone else, are faced with big increases in the cost of living.

"We are prepared to negotiate but we are also ready for industrial action, should these negotiations end in deadlock. My union has already set up a working party to deal with such a situation, should it arise."

Technical Page

EDITED BY ARTHUR BENNETT AND ALAN CANE

Word processor is cheap and British

THE LATEST entrant in the overcrowded word processor stakes is Computer Ancillaries (CAL), a small UK company boasting three advantages for it products.

First its incredibly low cost. Complete with twin floppy discs, printer and word processing software it is priced from only £3,995. By comparison, CAL claims, the much vaunted Wangwriter costs £4,350, the IBM Display Writer £5,472 (exclusive of software) and the AES Plus £6,950.

Market place

Second, it is as British as any computer product can be these days. It is built for CAL by LSI Computers, a Woking-based firm which is chiefly in the business computer market place.

It is based on the ubiquitous Zilog Z80 microprocessor but the internal electronics and the design are all British. There is a choice of Japanese (Tec) or U.S. printers and the floppy disc drives are American. The software is a modified version of the well proven U.S. "Wordstar" package.

Three, its managing director and vice-president is Mr. Michael Burden, formerly of AES—Wordplex (now two separate companies) and a computer and word processor marketeer of some 17 years experience.

Mr. Burden said: "This machine can do everything that any other word processor can do and at half the price. We have already 800 committed sales to dealers and to customers. We have already appointed 30 dealers and we shall have a maximum of 60 by the end of the year. We do not intend to appoint many more to avoid diluting the quality of the support necessary."

Mr. Burden said that CAL's turnover was £1.9m last year. With the committed sales it could not be less than £4m in the coming year.

The machine, the "Caltext" is a large, elongated machine with a keyboard bearing 24 special function keys which enable the typist to carry out complex editing operations.

The LSI machine on which the Caltext is based will be launched as a British business computer later in the month. Entitled M3, the machine is being launched into the top end of the personal computing and business market.

Its development was aided by a £250,000 grant from the Government.

The computer has 64,000 bytes of read and write memory, twin double density floppy discs, a green phosphor display of LSI's own make and 109 keys on the keyboard—all those good things which one should find in a well-designed personal machine.

Quite respectable

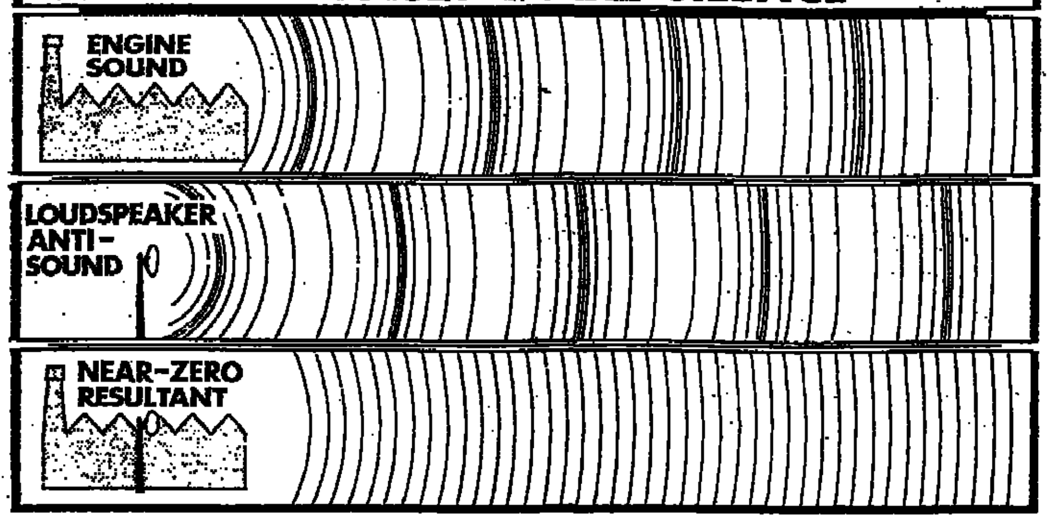
Complete with a range of business software packages, the whole system costs under £3,000.

The machine runs on the ubiquitous CP/M monitor (as does the Caltext) which means easy communications to other systems.

Now the UK has got over the shock of not being first with the chip, it seems to be building some perfectly respectable chip-based products. CAL is on Egham 36455; LSI on Woking 23411.

ALAN CANE

TWO NOISES MAKE SILENCE



Anti-sound system to beat industrial rumble

BY GEOFFREY CHARLISH

AFTER SOME eight years of development and National Research Development Corporation funding of £300,000, a Cambridge-based consultancy has produced an "anti-sound" system that will reduce the rumble of a big stationary gas turbine installation to near inaudibility.

The development is important, because although the technique is at present limited to static sound sources between 20 and 50 Hz in frequency, it might later be extended into factory machine silencing and perhaps into the reduction of big lorry noise in houses situated close to motorways. There are also prospects for engine sound deadening in the interiors of motor cars and jet aircraft.

Topexpress, a small research company, was formed in 1979 by Professor J. E. F. Williams, Rank Professor of Acoustics at Cambridge University, to exploit the ideas. His team has built the first practical installation on top of the outlet stack of a British Gas Corporation pump at Duxford where the prime mover is a 15,000 HP Rolls-Royce Avon gas turbine.

Most of the higher frequency "whistling" sounds radiated by engines of this kind are inexpensively absorbed by conventional mufflers. But the residual low-frequency sounds can be objectionable up to a mile away. At Duxford the levels in the 20 to 50 Hz range have been reduced by up to 15 dB—enough to make them difficult to hear.

The idea of cancelling one sound with another has been evident since sound was first studied. Sound consists of compressions and rarefactions of air brought about by an oscillating surface. If the process is taking place at one frequency only then clearly it ought to be possible to make another sound so that at each point in space the rarefactions of the first are cancelled by the compressions of the second, and vice versa. The two sounds are said to be in anti-phase and they cancel each other out.

The problem is more difficult if a band of frequencies is being radiated—nearly always the case in real life. Then, the sound has to be carefully "tailored" if it is to cancel the unwanted noise.

The chief features of the Duxford active silencer are four microphones which pick up the noise, electronic and computing equipment for processing the noise signal and audio power units consisting of 12 amplifiers capable of a surge of 11 kW. The amplifiers feed 72 loudspeakers spaced round the circular periphery of the engine exhaust outlet.

The system can be set up to produce exactly the opposite of the original sound field at all points surrounding the pumping station. Provided the sound remains within the design spectrum the circuits will, it is understood, detect any variations and are fast enough to make immediate corrections to the loudspeaker output to maintain the cancellation. Rapid acting digital sensors and filters are employed to make these immediate changes; but as the frequencies get higher the time available for response is reduced so that correction becomes more difficult.

Competition

Fortunately, in most applications it is cheaper to muffle the sound above a few hundred cycles; for this reason future "total" systems will consist of a combination of active and conventional silencing. A leading supplier of noise control systems, Cullum Detuners has told NRDC that "active silencing cannot now be overlooked."

The new company will not be without a certain amount of competition. Three years ago another company called Sound Attenuators (of Colchester, Essex) started to exploit the work of a team under Professor Chaplin at Essex University.

The Essex approach has been somewhat different in that emphasis has been placed on systems that will cancel out the basic cyclical note of big diesel engines such as those used in ships. The equipment does not attempt to make instantaneous copies of the waveform of the *unwanted sound but, instead,* builds up the shape and amplitude revolution by revolution on an electronic trial-and-error basis.

A transducer on the engine gives the basic speed and therefore the frequency of the exhaust note. Pulses are immediately generated at this frequency and then modified until, after a few seconds, the cancelling sound matches the original and the total sound level can be heard to fade away.

A useful aspect of the Essex system is that, if the engine speed changes it will adapt and, after a short time, again effectively cancel the basic exhaust note.

Sound Attenuators has had useful backing (about £100,000 a year) from the transportation industries and elsewhere, and has recently successfully silenced the engine on a small coaster. It is at the moment working on a project to reduce engine noise inside a Mini.

Both the Cambridge and the Colchester companies are also involved in sound cancellation research for the ducts used in heating and ventilating systems. Here the problem is less acute since the cancellation has to take place only in confined space—rather simpler fundamentally than free space.

Acceptable

As with all systems of this sort, however, the cost has to be justified by the user. With big capital projects such as gas pumping the expenditure of, say, £20,000 to silence a gas turbine unit may well be acceptable. Individual small machine and engine installations are another matter.

The market has still to "take off" in a big way, although Professor Williams estimates the world gas turbine market alone to be "several hundred *millions of pounds.*"

Throwing light on TV

TO CONVERT any standard closed-circuit television camera fitted with a C-mount lens and a ⅔-inch camera tube into a low, light, level instrument Mullard (01-580 6633) has introduced an add-on image intensifier claimed to provide a gain of 70,000 and to be effective at below starlight level. It is fitted by removing the existing lens, screwing on the intensifier in its place and replacing the lens on to the end of the intensifier.

The new module is basically a Mullard type XX1500 image intensifier housed in a container together with a relay lens. Main applications are expected to be in civil security surveillance and police work, especially where illumination is faint or where surveillance must continue when the lighting system breaks down. Other potential uses are in video cameras and the study of nocturnal animals.

Robot fingers make for accurate work

AN IMPROVED version of the Swedish-made Kaufeldt industrial robot, introduced to the British market by Ringway Power Systems (061-872 6829), is assembled on a modular system, allowing two robots to work together on a common base. Each assembly is pneumatically-operated and sequentially controlled. The control system, whether electromechanical or microprocessor-based, is claimed to be simple to program.

Components up to 30 kg in weight can be handled and the accuracy of pick-up and placing is claimed to be better than 0.1 mm. The microprocessor is made by Kaufeldt.

In mechanical engineering assembly, including the motor industry, the grippers can be modified to suit a number of different functions. For the plastics industry Kaufeldt has designed adaptations for injection moulding machines and a special robot for extracting large components of expanded plastic from the moulding machine.

Another design of robot for handling compacted powder components has enabled the powder metallurgical industry and ceramics manufacturers to start automated production, the company says.

Kaufeldt admits that variable factors may influence the financial advantages of a robot installation and it is difficult to make valid generalisations about the probable pay-off time. But in some applications that time may be as short as four months, the company claims.

NEWS IN BRIEF

INSTRUMENTS

THE ABILITY to extract from stored photographic or videotaped images any specific information without the need to return to the actual image, which could be the subject of variation, is claimed for a new range of instruments introduced by Reichert Jung UK, the scientific instrument division of British American Optical (75 76464).

The interactive keyboard of the system, known as Omnicon 3000, is used to choose functions from the selection of images presented on a monitor. The user then types in two-letter instruction codes which activate the selected function.

All standard functions are implemented internally through the use of assembler language, resulting in rapid processing. The system can be interfaced with scanning and transmission electron microscopes and operate at most scanning electron microscope formats. The time taken to count and measure features manually is reduced and, with the appropriate equipment, X-ray data can be correlated automatically with image analysis results so that the user can obtain information not available with any other method, the company claims.

An important component is a television scanner, specifically designed for image analysis, which is claimed to provide superior linearity, high stability and automatic sensitivity control.

ANALYSER

A PORTABLE infra-red analyser operating on the single-beam two-wavelength principle, introduced by Anatek Instruments (04355 3477), can be supplied calibrated for carbon monoxide, carbon dioxide or sulphur dioxide. A sealed rechargeable lead-acid battery permits fully mobile use of the instrument. The large liquid crystal display can be read either from a bench position or when the analyser is slung from the shoulder by the leather carrying strap provided. Optional extras include output points for a recorder, a two-level audible alarm unit and a miniature diaphragm pump, all powered by the built-in battery.

MEASUREMENT

A SYSTEM for measuring water flow in open channels has been introduced by Crest Electronics (0704 44044) for the water and waste treatment, chemical and general engineering industries. The measuring unit receives an 0-20mA signal from the flow meter and contains the indicators, counters and totalisers. There are two optional types of flow meter, both containing an amplifier and a pressure transducer. The amplifier has plug-in linearisation according to the type of channel — Thompson, Parshall flume, straight weir etc.

The transducer comprises a load cell fitted behind a pressure-sensitive membrane which senses the head of liquid in the channel. Both types of meter can be used without linearisation to measure the liquid level only. The system requires a power input of 220V ac or 18V dc, has a working temperature range of 0-40 deg C, and is claimed to be easy to instal.

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APPOINTMENTS

Deputy managing director at Chemical Bank In'tl

Mr. Michael K. O'Connell has been appointed a deputy managing director of CHEMICAL BANK INTERNATIONAL, the merchant banking arm of Chemical Bank. He will be the senior officer responsible for investment banking activities in the merchant banking group. He succeeds Mr. Peter K. Schumann, who has accepted a senior appointment with another bank. *Mr. O'Connell will be based in* London.

★

Mr. John Grose, branch director of BARCLAYS BANK 68 Lombard Street, has become joint branch director with Mr. Bil Lower at 9 Gracechurch Street following the merging of the two branches.

★

The Letraset Group has appointed Mr. David R. Stokes as managing director of *STANLEY GIBBONS* companies, reporting to Mr. John D. Bardner, Letraset Group managing director.

★

Mr. C. J. M. Downes has been appointed production director of COURAGE. He will relinquish his present post as chairman and managing director of Courage (Central) on the appointment of his successor.

★

Mr. Keith G. Wood and Mr. Ian S. Baker have been appointed to the Board of BAKERS HOUSEHOLD STORES (LEEDS). Mr Stuart Niman has become executive director of buying.

★

Mr. Richard Porter has been appointed a director of REED STENHOUSE MARKETING.

★

Mr. Mark Dickson has been appointed a director of AMBER DAY HOLDINGS.

★

Mr. Graham Harrison has been appointed joint managing director of R. P. MARTIN LEASING.

★

The Secretary for Transport has appointed Professor M. J. Wise as chairman of his Advisory Committee on the Landscape *Treatment of Trunk Roads.* He succeeds Sir George Taylor who has been chairman of the committee since 1969.

★

Mr. Bernard J. Fenn has been appointed financial director of FIBRENYLE and continues as secretary. Mr. Francis S. Thyne *has become deputy managing* director of WILLIAM THYNE and retains his present position as sales director. The parent concern is Mardon Packaging International.

★

Mr. Gordon Angell is to become chairman of the BRITISH AGROCHEMICALS ASSOCIATION for 1981-82 and Mr. Derek Cornthwaite will be deputy chairman. They take up their posts at the annual meeting on May 20. Dr. D. G. Hessayon will become immediate past chairman.

★

Sir Richard Cave, chairman of Thorn EMI, has joined the Board of THAMES TELEVISION in place of Mr. John Kuipers who has retired.

★

Mr. W. A. Harkness has been appointed a director of SOUTHERN AND CITY DEVELOPMENTS.

★

Mr. G. C. Hoyer Millar has been appointed an additional director of LONDON TRUST COMPANY.

★

Mr. R. W. Mathias has been appointed chairman of MIDDLETON FOSTER ANDERSON AND CO. on the retirement of Mr. J. D. Anderson.

★

Mr. Clive F. Williams has resigned his directorship of LESLIE AND GODWIN (HOLDINGS) and its subsidiary and associated companies.

★

Mr. Michael Walls has been appointed financial controller at REDIFFUSION SIMULATION, succeeding Mr. Victor Strachan who is now the commercial director.

★

Mr. Martin McConnell, president of *Stewart Smith Holdings* Inc., has been appointed a director of STEWART WRIGHTSON HOLDINGS. Mr. J. A. D. J. Palmer-Brown has been made a director of STEWART WRIGHTSON INTERNATIONAL GROUP and succeeds Mr. A. H. C. Colls as managing director of Stewart *Wrightson (Aviation).* Mr. Colls becomes chairman of the latter company. Mr. C. McBride has been appointed a director of Stewart Wrightson (Surety and Specie).

★

BRITISH MEDICAL DATA SYSTEMS, the newly-formed company set up by BOC Computer Services division and SMS International, has made the following appointments: Sir Edward Fennessy, chairman; Mr. Dennis M. J. Turner, managing director (Canada); Mr. Roger B. Wallhouse, deputy managing director; Mr. Martin Lamaison, financial controller, and Mr. Frederick Morefield (U.S.).

★

Mr. Ian W. Reed has been appointed assistant vice-president for SENTRY ASSURANCE INTERNATIONAL. In his position as international projects director he is responsible for co-ordinating and developing Sentry's life assurance marketing outside the U.S. and UK.

★

Mr. George Kluth has been elected president of the BRITISH SMALL ANIMAL VETERINARY *ASSOCIATION.*

★

CHANDLER HARGREAVES WHITTALL AND CO. has made the following appointments: Mr. A. W. Baines, departmental director—non-marine; Mr. M. J. Weedy—departmental director—international; and Mr. D. Judson —*director CHW Pension Consultants.* Mr. J. A. Dawson, marine director, has retired.

★

Mr. Andrew W. M. Farmer has resigned from the Board of S. W. FARMER GROUP and its subsidiary companies and will be emigrating to Australia.

★

Mr. Magnus Mowat, a partner of Illingworth and Henriques, members of the Stock Exchange, has retired as a director of BRITISH TAR PRODUCTS.

★

Mr. Frank Norman has been appointed to the Board of LOVELL CONSTRUCTION SERVICES.

★

Mr. Charles Mullen has been appointed to the Board of THE HOUSE OF LEROSE as financial director. Mr. Mullen was previously group *chief* accountant.

★

CENTRAL TRUSTEE SAVINGS BANK has appointed Mr. E. D. Morton, formerly deputy general manager, domestic banking division, National Westminster Bank, to be head of corporate lending, a new function within *the bank.*

★

Wigham Poland Group has appointed Mr. R. G. Bowers, Mr. K. A. Girling and Mr. T. L. F. O'Connor associate directors of WIGHAM POLAND REINSURANCE BROKERS.

★

Mr. Cecil J. Baker has been elected chairman of the ALLIANCE BUILDING SOCIETY. He has been deputy chairman for two years and succeeds Mr. L. Farrer-Brown, who has been chairman since 1975 and who remains a director of the society. Mr. Maurice Leadley has been elected to succeed Mr. Baker as deputy chairman.

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Choulartons	12 %	Trustee Savings Bank	12 %
C. E. Coates	12 %	TCB Ltd.	12 %
Consolidated Credits	12 %	United Bank of Kuwait	12 %
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AL SAUDI BANQUE
1980 Accounts

The Board of Directors of Al Saudi Banque met in London on February 26, 1981, and approved the balance-sheet and the Profit and Loss account for the year ending December 31, 1980. These accounts will be submitted to the shareholders' General Meeting on May 15, 1981, for its approval.

At the end of 1980, the Bank's total assets reached FF 3 685 M compared with FF 2 305 M at the end of 1979, representing an increase of 60%. Contra account (documentary credits and letters of guarantee) totalled FF 1 593 M against FF 713 M a year earlier—an increase of 123%.

The net profit, after tax, increased by 92% from FF 6.1 M in 1979 to FF 11.7 M in 1980.

The Board recommended the transfer of the year's profits to the reserves and retained earning.

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Meanwhile, no further bills should be sent to Liverpool.

ISSUED BY THE MINISTRY OF DEFENCE

THE MARKETING SCENE

BY MICHAEL THOMPSON-NOEL

Big-time grocery brands—the beginning of the end ?

THE TREADMILL on which Britain's food manufacturers have laboured for almost 10 years shows no signs of slowing. If anything, the big-name grocery brands to which the food makers' prayers and profits are pinned face a new and even more difficult phase.

Those, at any rate, are the main conclusions reached by John Madell, research director at the Boase Massimi Pollitt agency, following a study of 50 separate UK grocery markets over the traumatic period of the 1970s.

The study was conducted for the benefit of BMPU clients, current and prospective, in a bid to examine how grocery manufacturers could best adapt to the changing environment of the retail trade.

It covers all 50 main grocery categories as monitored by MEAL (Media Expenditure Analysis), from biscuits and butter to cereals and coffee and frozen foods, and exposes, says Mr. Madell, the need for very hard thinking and a new strategic tack on the part of the manufacturers.

His starting point is the rapid increase in UK grocery retail advertising expenditure seen in the last ten years as major retail groups like Sainsbury, Tesco and the Co-Op battled for market share.

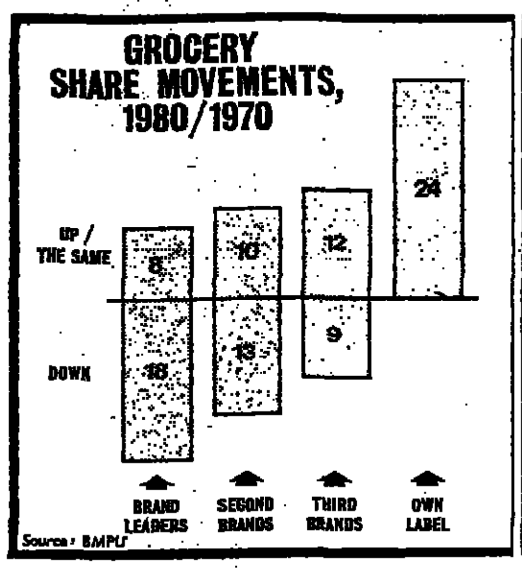
Much of this expenditure was indirectly funded by the manufacturers themselves as the retailers *stepped up their pressure* for larger and larger discounts. As a result, the consequent drain on manufacturers' profits produced a significant decline in their own advertising expenditure (see graph).

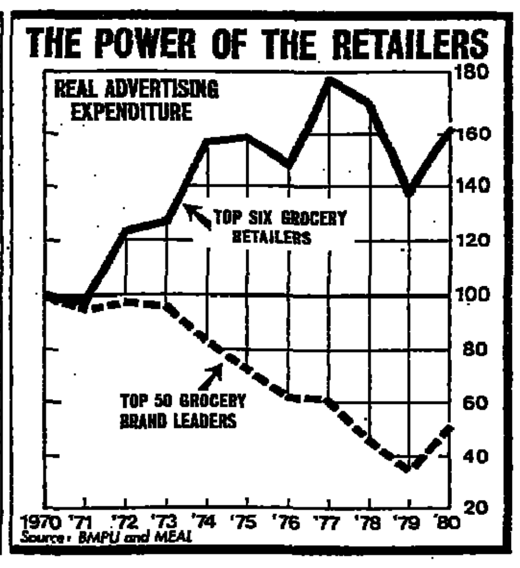
"The first thing to come out of the analysis," says Mr. Madell, "was the sheer scale of drop in real advertising expenditure suffered by the major grocery brands. In 1980, real advertising expenditure by brand leaders was less than half that enjoyed in 1970, while in 1979 it was even lower, at *minus* 64 per cent."

Did the upturn in 1980 signify a come-back by the food makers? "I suspect not," says Mr. Madell. "Carry-over revenue from the previous autumn's TV strike may have helped the 1980 figure, but if you look at current brand spending plans, you realise that very few manufacturers ever really recovered from the watershed period of '74-'75, when apart from other blows, they were hit by massive increases in *media rates*."

The decline in real advertising expenditure by the brand leaders is mirrored, he says, by a declining real advertising spend for the total grocery market, with 32 of the product categories showing falls of 30 per cent or more in real terms, and 12 showing falls of 60 per cent or more.

> ‘It is no longer enough for the major food manufacturers, some of them with brands no better than own-label and spending insufficient sums on advertising, to assume they are still playing the branding game. They're not. The rules have changed.’





"One is tempted to ask what effect this has had on the brands within these markets. Are we *in fact seeing the slow decline* of the economy-scale brand leaders that grew up in the post-war years and dominated conventional marketing wisdom during the '60s?"

He says the answer is yes, and that many of the criteria on which brand strength is measured—consumer preference, product quality, brand loyalty and levels of price premium vs. own label—are showing "significant long-term deterioration."

Whereas the 1960s and early 70s had seen the ascendancy of economy-scale brand leaders, the past ten years had seen a steady movement in share away from the brand leaders to the smaller brands and own label.

"These declines," he says, "can be directly attributed to *declines in advertising expenditure*, particularly declines in share of voice"—share of voice being the level of advertising support per brand as a proportion *of total advertising support* within a given category.

He says his analysis confirms that falls in share of voice have preceded falls in brand share across the 50 categories, but that more important has been the decline in price premium the brand leaders have been able to command over own-label rivals—from a level of approximately 26 per cent in 1970 to one of 13 per cent eight years later.

"Importantly," he says, "the rate at which market share declines with increased premium has gone up enormously (by 110 per cent). Whereas in 1970 there was only a loose correlation between price premium and share, in 1978 the correlation was nearly perfect and even quite small increases in premium *immediately led to* falls in share."

Mr. Madell says his analysis shows that not only is the market share enjoyed by brand leaders still being eroded, but that in many cases their relative share-of-market would have been far worse *had* it not been bought at the cost of price premium.

"It also shows that whereas in the early 1970s, price was probably held down artificially by *retail* forces, it is now *consumer* forces that are prevailing and brands can no longer command their traditional price premium."

This is a vicious circle in which lower premium leads to less profit and thus reduced advertising expenditure which in turn eats further into the brand franchise.

"Reduced advertising expenditure is only part of the story," says Mr. Madell, "since across the board one can see a retreat from traditional branded strengths. Technological edge, perceived brand differentiation, and manufacturing scale advantages have all been progressively eroded. It is not uncommon for own-label quality to be as good as the brand leader's, and in some markets better."

Was there a solution to this vicious downward spiral?

The view of Tony O'Reilly, president of Heinz, expressed last year, is that the big food-makers have at least three alternatives: development of new franchises, though few major successes were in prospect; diversification, though their track record was unpromising; and brand reinforcement.

For him, the 1980's spelt change based on new market realities, on *changes* in geographic focus in the light of radically different world market conditions, and on change in management focus. "As usual," he said, "only the bold will prosper."

In the search for a new strategic tack on the part of manufacturers, says Mr. Madell, the advertising business must play its part "in helping clients come to terms with the realities of today's and tomorrow's trading environment, for in 1981 it is no longer enough for manufacturers to sit there, some of them with brands that are no better—indeed sometimes worse—than own-label equivalents, spending less than £500,000 on media advertising and believing they're still in the branding game.

"They are not. The rules have changed. It may not be the beginning of the end, but for the big grocery brands it is certainly the beginning of a new and difficult phase."

Advertising's rôle: batch of new evidence

BY M. J. WATERSON

THE RECENT news that accountants are to be allowed to advertise was hardly greeted by a roar from the advertising world, for obvious reasons. Yet the change—a result of pressure from the Office of Fair Trading—represents one more link in a significant chain of events that is providing a great deal of new information about the role played by advertising in market economies.

This new insight derives from three main sources. First, in several countries, notably the *U.S. and Britain, increased* attention is being focused on the lack of competition evident in some sectors of the economy.

Those singled out for attention have been mainly the providers of services, such as opticians, lawyers, dentists and accountants, who for years have been effectively forbidden from competing for business.

Investigations into such areas have been mounted by government agencies such as the Monopolies Commission in Britain, and have almost universally concluded that absence of the means of mass communication with potential customers (advertising) restricts competition and is thus against the *public interest*.

However, much more important than the conclusions reached by serried ranks of government officials have been the results of "de-regulation." For example, it has been reported that in the U.S., the use of home made advertising by no more than 3 per cent of lawyers has been enough to start a small revolution in the practice of law. Prices for simple procedures, such as wills and uncontested divorces, are said to have been cut by half.

The second main source of new information about the effect of advertising has followed from the fact that in several countries, pressure groups have succeeded in securing total bans on the advertising of products like war toys and drink. The majority of these bans have been applied in the drink and tobacco sectors.

Unfortunately for the legislators, a mass of evidence is emerging to the effect that such actions do not appear to have *the desired result. In Italy, for* example, cigarette advertising has been banned for almost 20 years, and yet consumption has increased by 60 per cent since the restriction came into force.

In Norway, where cigarette advertising has been banned since 1975, consumption has remained static despite price increases and massive anti-smoking propaganda.

Evidence from bans on alcohol advertising has produced very similar results. For example, a study by the Addiction Research Foundation in Toronto which analysed the effects of restrictions on alcohol advertising in Manitoba and the U.S. concluded: "It is considered unlikely that restrictions on advertising reduce consumption."

Further evidence comes from Norway, where a ban on drink advertising is also in force. Once again, no discernible effect on trends in consumption can be seen over the six-year period since the restriction came into effect, again despite accompanying price rises and restricted distribution.

The main impact of the Norwegian drink advertising ban is believed to have been an increase in the consumption of illegally manufactured drink products which now account (on Government estimates) for more than 30 per cent of total spirit consumption.

All evidence on the effects of advertising bans in fact suggest that advertising expenditure is not an important determinant of the size of mature consumer markets.

The third source of new information about the impact of advertising follows recent advances in statistical techniques that can be used to *investigate relationships* between factors such as income changes, price and advertising levels.

Econometricians in particular have discovered new joy in exploring the relationships between advertising levels and sales, both in a national economic context and within specific markets.

A typical example of such work is that produced by Martyn Duffy of the University of Manchester Institute of Science and Technology, who examined factors affecting the alcoholic drinks market in Britain over the last 15 years, and concluded that advertising had had very little impact on *the total level of* UK drink consumption.

Perhaps the most interesting work seen so far was that of Peter Kyle of Lancaster University. In an analysis covering a variety of industries and markets, most of which were of a non-controversial nature, Dr. Kyle found little evidence *of advertising effect* so long as the market segments under consideration were large and mature.

The conclusions that can be drawn from the mass of evidence now to hand are as follows:

One, advertising can have a major impact at the brand level. The introduction of advertising into markets not previously exposed to real competition can substantially benefit effective and dynamic organisations at the expense of the inefficient, thereby greatly benefiting the consumer.

Two, advertising probably has little effect on determining the size of most mature consumer markets: it is unlikely, for example to persuade people to spend more on food at the expense of drink or cars.

Finally, advertising has little effect on total consumer expenditure, let alone the power to persuade people to spend ever-increasing amounts on consumer goods.

M. J. Waterson is research director of the Advertising Association.

VIDEO SOFTWARE

Granada network grows

WITH THE VIDEO boom fast gaining momentum, Granada says it has "moved swiftly" to extend the rental of feature films on video cassette throughout *the UK following highly* successful trials.

First step towards national coverage came this week with the introduction of movie cassettes (Jaws, Rollerball, Rocky, etc.), at 139 of Granada's 465 showrooms.

It says a further 120 outlets will be added by April 20, with most of the remainder phased in by the end of May.

"A year ago," says *Granada*, "video tape software was seen as a useful adjunct to TV rental, but it is fast becoming a tremendous business in its own right."

There is a free membership Granada Video Club scheme. Suppliers include Intervision, Precision Video, CIC, Thorn, EMI, Rank Video and Guild.

In its latest leisure review, Vickers *da Costa says it* believes the UK market for video recorders will continue to grow very rapidly indeed, hampered only by the ability of importers to deliver the machines quickly enough.

International Appointments

Finanzmanager

Lesser Systembau GmbH

Im Management-Team unseres Zweigwerks in Breitscheid/Dillkreis (Nähe Frankfurt) ist die Stelle eines Finanzmanagers zu besetzen.

Der ca. 30 Jahre alte erfolgreiche Bewerber wird dem Geschäftsführer unterstehen und für folgende Tätigkeiten verantwortlich sein: Buchhaltung, einschließlich Kostenrechnung und Kostenkontrolle für die Arbeit im Werk und an den Baustellen, Cash Flow, Kreditkontrolle, monatliche Finanzberichterstattung an das Management, Kalkulation u.m. Außerdem wird von ihm erwartet, daß er sich im Zuge seiner Einarbeitung in zunehmendem Maß an der wirtschaftlichen Führung des Betriebs beteiligt.

Der Bewerber muß über mindestens 5 Jahre Erfahrung im kommerziellen/industriellen Bereich, hauptsächlich im mittelständischen Herstellungsbetrieb, verfügen. Fragen der Geschäftstätigkeit und der Gewinnerzielung bearbeitet er vom praktischen Gesichtspunkt aus und ist zweisprachig bzw. hat Deutsch als Muttersprache und verfügt über gute Englischkenntnisse.

Über Gehalts- und gegebenenfalls Übersiedlungsfragen kann verhandelt werden.

Bitte bewerben Sie sich auf Englisch mit genauer Angabe Ihres beruflichen Werdegangs und Ihrer persönlichen Daten, einschließlich jetzigem Gehalt. Zuschriften gebeten an: Martin Foran, Personnel Director, The Lesser Group of Companies,
141-149 Staines Road, Hounslow,
Middx. TW3 3JB.
Telfon 01-570 7755.

Persönliche Vorsprache Anfang Mai in London bzw. Frankfurt.

LESSER

Merchant Banking—Australia

General Manager-Banking

Negotiable from A$50,000
plus major fringe benefits

Our client is one of Australia's most profitable and substantial full-service Merchant Banks. Shareholders are major international banks and the organisation operates in a national and international context.

Continued growth has resulted in the establishment of a new position, General Manager—Banking. The appointee will be accountable to the Group Chief Executive for the control and profitability of all banking activities including lending, money market operations and leasing. These activities currently employ the majority of the Bank's assets. The purpose in making this appointment is to substantially increase the management strength of the organisation and also to afford the Group Chief Executive more time to devote to group development.

We are seeking an International Banker with a record of success in the specific functions mentioned and who has the personal qualities to relate to a relatively unstructured group which is more concerned with results than hierarchical considerations. The position may well appeal to an Australian living abroad or to other nationals who wish to participate in Australia's exciting growth prospects.

In addition to this particular position, the company is also seeking another Senior Merchant Banker with sound experience in corporate advisory assignments including acquisitions and mergers. Familiarity with resource projects would be an advantage.

Interviews will be conducted in the United Kingdom by an Australian consultant during May/June 1981.

SECURITY: No details disclosed nor enquiries made without your permission. Please supply relevant details including telephone numbers and quoting reference number 371082 to Personnel Services Group:-

PA Consulting Services Pty Ltd

Box 5252 BB, GPO, Melbourne 3001, Australia.

PA

A member of PA International

BAHRAIN **£16,000 tax free plus bonus**

Bank Head Office Auditor

Our client is one of the biggest banks in Bahrain. They now seek a Head Office Auditor who will report directly to the Managing Director. The post is challenging and in addition to performing an existing programme of internal checks, the successful candidate will also be responsible for assisting external auditors, reviews of operational procedures and controls, special investigations and the training of supervisory subordinates.

Preferably under 40 and single, he or she will be a qualified Chartered Accountant, with a minimum of five years' bank-related audit experience, who will be able to demonstrate a close familiarity with bank operating systems and procedures and internal control and computer-based financial reporting systems. European nationals are welcome provided they are fluent in English.

An initial three-year contract will be offered and in addition to salary the successful candidate will be eligible to participate in the Bank's annual bonus scheme. Other benefits include free furnished accommodation and medical treatment, and 35 days' paid leave per annum.

Letters of application, together with CV, salary progression and any other relevant data, should be sent without delay to Mr C A Cotton, MLH Consulting Group Limited, Park House, 22-26 Gt. Smith Street, London SW1P 3BU, quoting reference A.256.

MLH *Consulting Group of Companies*

Banking in Europe

PARIS

CONTROLEUR FINANCIER FF 180.000 nég.
Banque internationale américaine recherche un comptable professionel pour prendre la responsabilité des services d'information du management, de l'administration générale et de la comptabilité. Plus de quatre ans d'expérience dans une banque sera exigée. Le candidat sera chargé en premier ches de l'établissement du bilan, des prospectives et de la comptabilité de groupe.

IN-HOUSE COUNSEL FF 160.000 nég.
A Middle Eastern bank seeks a qualified lawyer with a minimum of seven years post qualification experience. The successful applicant should ideally possess a sound knowledge of French law and I.B.L.C. regulations and be conversant with bank syndicated lending agreements and documentation. Preference will be given to those candidates currently involved with the English legal system. Some knowledge of French useful.

DIRECTEUR DE CREDIT FF 200.000 nég.
Une banque américaine recherche un responsable de toutes les opérations de crédit en France. Le candidat sera président de la commission chargée d'accorder les crédits sous la direction du Président-Général. Il donnera son approbation à toute autorisation nouvelle de crédit, et sera responsable de la gestion et de l'analyse de l'autorisation et du maintien de crédit accordé à différents pays.

DIRECTEUR DES RAPPORTS FINANCIERS FF 150.000 nég.
Une banque américaine avec un réseau de filiales dans le monde entier recherche un comptable professionel qui sera placé sous les ordres du Controleur Financier. Il sera responsable de la préparation et de l'authentication des rapports financiers, et du respect des règlements et de la politique financiers et fiscaux.

Jonathan Wren
Banking Appointments

Roy Webb, Jonathan Wren & Co. Ltd., 170 Bishopsgate, London EC2M 4LX. Tél: 01-623 1266. Veuillez contacter le susmentionné ou lui envoyer en confiance votre curriculum-vitae.

EMPLOYMENT CONDITIONS ABROAD LIMITED

An International Association of Employers co-operating to provide up-dated confidential information relating to employment of expatriates and nationals world wide.

01-637 7604

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seeks
OPERATIONS MANAGER
for Brussels Office

Send c.v. and salary history to:
TRANSWORLD COMMODITIES LTD
6 Avenue Lloyd George, Bte 5
1050 Brussels, Belgium

Unique Opportunity Canada

Join this highly successful international consumer marketing company in

International Audit

Toronto based, you will be part of a small skilled team. Rapid progression into line finance is expected. Qualified, with at least 2 years experience and aged 25-35, you will have the presence and desire to succeed in this highly stimulating environment. Excellent rewards—please phone or write **immediately** quoting project L121.

24, Buckingham Gate, London SW1. Tel: 01-834 7966. Offices in Toronto, Montreal, Calgary, Vancouver and Houston.

The Caldwell Partners
Executive Recruiting

Bermuda Internal Auditor

With the expansion of our international business, we need to strengthen our internal audit department, and consequently we are looking for another Auditor to carry out audits and help train others.

Applicants, preferably aged 25-30, must possess (or be about to obtain) recognised accountancy qualifications and must have at least 2 years' previous experience in the internal audit department of a bank, or in an accountancy firm carrying out audits of banks or other financial institutions. Their ability to communicate easily with people, both face-to-face or in writing, is as important as their capacity to set and achieve objectives.

An attractive salary related to experience is offered, together with excellent working conditions and benefits. Because of limited housing accommodation in Bermuda, preference will be given to applicants who are single or who are married without children.

To be considered, you are asked to supply particulars of your education, experience and personal details, including current salary and telephone number. If your wife/husband also contemplates working in Bermuda, please enclose similar details about her/him as well.

Please send application to: The London Representative, The Bank of Bermuda Limited, Representative Office, Grocer's Hall, Princes Street, London EC2R 8AQ. Interviews will be held in London in early May.

THE BANK OF BERMUDA LIMITED

THE ARAB COMPANY FOR DRUG INDUSTRIES AND MEDICAL APPLIANCES (ACDIMA)

Seeks qualified and experienced personnel of Arab nationality to fill the following positions:

I. **Director - Technical Department**
Ph.D. in Industrial Pharmacy

Experience: Not less than five years in Production at Pharmaceutical industries. Participated in preparing feasibility studies for formulation plants with knowledge of project evaluations.

II. **Director - Department of Planning for Financial & Economic Studies**
Ph.D. Economics or DBA (Finance)

Experience: Five years in project evaluation and financial analysis. Prepared and/or participated with a team in analyzing projects and conducting feasibility studies.
Persons holding MBA and having experience of not less than eight years may be considered.

III. **Head - Research & Development Division**
Ph.D. Pharmaceutical Chemistry

Experience: Not less than five years in research and development department of pharmaceutical formulation plants.
Persons with MSc. degree and eight years experience may be considered.

Please send your C.V. to :

Director General
ACDIMA
P.O. Box 925161
Amman, Jordan
Telex: 21172 Acdima JO

INTERNAL AUDIT

AGE: 30-35 UP TO $35,000 NEGOTIABLE + BENEFITS
ABU DHABI

Our client, a major financial institution in Abu Dhabi, seeks an internal auditor who will report to the Manager, Internal Audit Department.

He will be involved in the audit of managed portfolios, real estate and cash management and complete detailed reports and make recommendations on the effectiveness and accuracy of systems and controls.

Candidates must be qualified accountants, ACAs or ACCAs, and have about five years' experience in auditing. It would be an advantage to have some experience in the audit of systems and have some involvement in systems design.

Candidates must be willing to live in Abu Dhabi. The contract will be for a minimum of two years renewable thereafter. Salary will be negotiable up to $35,000 and free of tax in Abu Dhabi. Free accommodation and medical facilities will be provided.

Please send a comprehensive career résumé, including salary history, quoting *ref. 2002, to W. L. Tait*

Touche Ross & Co, Management Consultants
Hill House, 1 Little New Street, London EC4A 3TR. Tel: 01-353 8011.

YOUNG BANKER FOR INTERNATIONAL SYSTEMS PLANNING. PARIS BASED.

Our client, a major international bank, is launching a new development programme to install standardised computer packages in its branches and subsidiaries throughout the world.

The job of assisting with the planning and organisation of these installations will go to a young banker aged 25-30 who has had at least 5 years' in-depth experience of general banking operations and procedures and who is keen to develop his or her expertise and career on an international scale.

Knowledge of the use of the computer in modern banking is obviously essential. But you will by no means need to be a computer expert; specialist support will be provided at all stages in the programme and the solution of any problems that branches may encounter with their new systems.

You will be based in Paris and can expect to travel to locations worldwide for 3/4 months each year and must therefore have a good working knowledge of the French language.

The salary and benefits package is highly attractive and negotiable.

A representative from the bank will be in London in the week commencing April 21st 1981. To arrange an early interview with him or for more information about this opportunity, telephone Gina Brooks or Richard Sweeting today or send your curriculum vitae promptly to them at Knight Computer Services Limited, 14 Old Park Lane, London W1Y 4NL. TELEPHONE 01-491 4706 (9am–7pm) (or after 8pm–Chorleywood 2503).

Knight

Staff Services Division of BOC Computer Services and a member of the Computer Services Association.

International Appointments

International Audit

Our Corporate Audit Department, which performs financial and EDP audits worldwide, has an ongoing requirement to replace auditors being transferred to management positions after approximately 3 years in the department. Our immediate requirement is for **TRAVELLING FINANCIAL AUDITORS** to perform operational audits in overseas affiliates, entailing continuous living overseas, normally returning to the UK only for annual leave. All expenses paid for self and spouse plus an overseas allowance.

The work involves the appraisal of internal controls, review of operating procedures and financial records within each affiliate, and discussion of findings and recommendations with senior management culminating in submission of reports.

Candidates should be Chartered Accountants preferably aged 25–30. Degree and knowledge of French or Spanish an advantage. Ability to communicate effectively at all management levels is essential.

Please write with details of qualifications, experience, age and current salary to **Overseas Recruitment Department, Mobil Services Company Limited, Mobil House, 54–60 Victoria Street, London SW1E 6QB** quoting reference FT/CPT/4.

Mobil

Merchant Bankers

A leading Australian Merchant Bank is seeking experienced executives in the Corporate and Money Market fields. The Managing Director will be in London over the next few weeks and applications from interested parties, which will be treated in the strictest confidence, should be addressed to:

Box A.7478
Financial Times
10 Cannon Street
EC4P 4BY

CONTROLLORE REPARTO CREDITO

Your fluency in Italian is an essential pre-requisite for this position as Credit Manager for South and Central Europe. But, though that's the reason for our Italian heading, we're continuing in English because you would be based at our European headquarters in Central London.

We are one of the world's largest textile companies and we have substantial sales in Europe, as well as production facilities in five countries.

Detailed negotiation with major customers for substantial contracts is central to this position. You would be concerned with assessing credit risks and for collections which relate to sales made in Italy, Austria, Germany and the Mediterranean region. This will involve regular travel and close liaison with sales management.

You must already be experienced in credit management, and have worked for a multinational that has provided you with a knowledge of overseas trading practices. Reporting to the European Credit Manager, you will be responsible for your own team based in London. Consequently, you must combine management skills with the ability to communicate with staff, other managers and customers at all levels. A third language would be an advantage.

The salary level is negotiable and will reflect your background. There will be large company benefits to match. This is a position that will utilise all your skills whilst providing a rare breadth of work in an international field.

For further details, candidates, male or female, should forward a full c.v. plus covering letter to: Mr L. Thorne, European Personnel Manager, Burlington AG, Regent Arcade House, 19-25 Argyll Street, London W1V 1AA. Tel: 01-734 8242.

Previous candidates for this position need not re-submit their application.

Burlington AG

Joint Venture Accountant

An international oil company involved in exploration and other activities which has expanding interests in Germany and Europe has an interesting opportunity in Germany for a Joint Venture Accountant.

The position involves participation in negotiating agreements concerning accounting and financial aspects of contracts with Joint Venture Partners and Government Partners. It also requires control of cash and expenditure programmes.

Candidates will ideally have a Bachelor or Masters degree or Accounting/Business Administration qualification as well as five years' experience, preferably in the oil industry, with familiarity with EDP accounting systems. Knowledge of German and other European languages an advantage. Frequent overseas travel.

Salary is high. Excellent benefits package.

Please telephone (01-629 1844 at any time) or write – in confidence – in the first instance for a personal history form: M. Hordern ref. B.1845.

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CAYMAN ISLANDS

a small private group requires an

Assistant to Managing Director

The ideal candidate will be between 24 and 35 years of age and should possess A.I.B., A.C.I.S., or similar qualification with a lively mind and experienced in administrative functions. A sound knowledge of principles and practices of accounting would be an additional asset.

The group consists of three main operating companies in the banking, corporate management and insurance fields respectively.

The successful candidate will oversee and handle securities, gold purchase-sales, deposits, currency exchanges etc. Corporate matters include discussions with clients and providing assistance with their problems. The position has wide variety with challenging aspects. Special assignments arise from time to time.

Salary dependent on qualifications and experience and will be in the region of £14,000 (tax free). The opportunities will be extremely attractive. Initially the position will be on contract (subject to work permits). It is expected the successful candidate will wish to reside in Cayman for an extended period and be in a position to join the board of at least one of the main operating companies at an early date.

Interviews will be held in London during the week commencing 11th May 1981.

Please submit detailed résumé to:

c/o Townsend, 23 Elm Park Lane, London S.W.3

and mark on envelope GROUP ASSISTANT

ACCOUNTS/TREASURY

An international oil trading and shipping company situated in the West End seeks three individuals to join its expanding London office. Competitive salaries and benefits will be the reward for these challenging positions.

TREASURY SUPERVISOR

A commercially motivated person is required to supervise the daily operation of the Treasury Department and to act as assistant to the Manager of Banking and Treasury Operations. This position calls for an individual with several years' commercial experience preferably in the oil business, experience in credit and collections and a working knowledge of letters of credit.

ACCOUNTS SUPERVISOR

A recently qualified accountant is needed to assume responsibility for the accounting control of the shipping division. This will include management accounts, budgets, financial accounts and systems development.

ACCOUNTS ANALYST

A recent graduate in business management and accounts will aid in the development of budgets, profit forecasts and the analysis of financial statements. A good entry position to learn the oil trading and shipping business.

Applicants should submit their curriculum vitae to
Box A.7486, Financial Times, 10 Cannon Street, EC4P 4BY

Please include salary history

CHIEF ACCOUNTANT

HIGSON PING

Saudi Arabia
c. £16,000 plus accommodation, car, etc.

Our client, part of a well-established group based in the Middle East, requires a qualified accountant to be responsible to the General Manager of the Plastics Division. The products are blow-moulded drums and polyurethane furniture.

Aged around 30, candidates should have experience of financial and cost controls in industry and skill in installing effective systems and procedures.

The overall package is most attractive—probably with bachelor status being preferred.

Please write to M. J. B. Ping, or ask for an application form from Higson Ping, quoting reference P938F.

Higson Ping Ltd./Executive Recruitment Consultants.
110 Jermyn Street, London SW1Y 6HB.
Telephone: 01-930 4196 (24 hour answering service).

International Investment Manager

Tax free salary

Our client is seeking a mature, sophisticated Investment Manager with considerable knowledge of the international investment markets. Ideally aged 35–45, the selected candidate will advise his clients on a totally trustworthy and confidential basis, dealing with very large investment sums. A knowledge of either German, French or Arabic would be useful, though by no means essential.

Initially based in Riyadh, Saudi Arabia, for one to two years, it is likely that the selected candidate would then relocate to Switzerland or Germany on a permanent basis. Mobility is essential, since considerable international travelling will be involved.

A substantial salary (initially tax free) will be paid, one which reflects the importance of this position. In addition, our client offers free fully-furnished accommodation, car, free medical care, six weeks annual leave with air tickets paid to the UK, children's education allowances etc. Married or bachelor status.

Please telephone for an application form, quoting Ref. S1533, to Charles Donald, Director, Lansdowne International Limited, International Recruitment Consultants, Westminster, London. (01) 222 3264/3265.

Lansdowne

PA/Executive Assistant to Group Chairman

South West London — £neg.+car, etc.

Our client is a significant private Group with a range of interests and activities including property development and construction at home and overseas. The management structure is traditional, but personal.

The group Chairman is seeking someone to work closely with him, evaluating opportunities and progressing projects both within the Group and with his family business activities.

You will probably be in your late 20s, with a good degree and perhaps a professional qualification as well as 3 or 4 years' business experience. Most important, you must naturally display business acumen, enthusiasm and the slight irreverence which our client considers essential to cope with the Chairman and to succeed within what is a very entrepreneurial environment. Your salary will be flexible and open to negotiation.

Please write, naming companies to which we should not forward your application, quoting ref. No. RPS12, to Barbara Smith, Royds Personnel Services, Royds House, Mandeville Place, London W1M 6AE.

RPS
Royds Personnel Services London Limited

c£15,000 p.a. tax free Credit/Marketing Officer

MIDEAST/FAR EAST
International Banking

Young, aggressive graduate banker of Far East origin with three to five years experience of international banking with a bias towards credit, lending and marketing. Cantonese or Mandarin an advantage. The selected candidate will spend approximately two years at the Mideast Head Office being groomed for greater responsibility in the Far East. Only candidates with very relevant qualifications and experience will be considered for this unique career opportunity. Mideast benefits include free furnished married accommodation, pension/life cover, car and other allowances.

Suitably qualified candidates please phone 01-631 1444 for application form quoting MRD 1008 (24 hour answering service).

MRD

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Consultants to Management on Executive Placement since 1946.

Senior Account Officer

BAHRAIN

A leading international bank is looking, for its Bahrain office, for a Senior Account Officer to form part of the local management team. The selected candidate will be in charge of important account relationships with Bahraini, Saudi and Kuwaiti clients and must possess the necessary dynamism and dedication. Rapid promotion to Assistant Manager of the branch can be envisaged. A solid training in credit is required and a knowledge of French/Arabic useful. Salary offer will be in excess of US$40,000 tax-free for the right kind of candidate, plus a free house and attractive benefits.

Reply, giving full details to Box A.7479, Financial Times, 10 Cannon Street, EC4P 4BY.

Financial Director Malaysia

The position of Finance Director of the General Electric Company of Malaysia Sdn.Bdn. will become vacant in mid 1981 or soon afterwards. The Company represents the trading interests in Malaysia of the GEC Group and also engages in the manufacture of some light electrical equipment. There are about 250 employees.

Applicants must be qualified Accountants, preferably with experience in manufacturing and contracting industry.

Expatriate terms apply, including housing, Company car, annual UK leave and, in respect of children at school in the UK, assistance with education costs and return air travel twice per annum.

Applicants should write early, with a comprehensive C.V. to: **The Director of Overseas Operations, The General Electric Company Limited, 1 Stanhope Gate, London W1A 1EH.**

After initial interviews a final choice will be made in late April/early May, when the Managing Director of GEC Malaysia will be in London.

GEC

FINANCIAL MANAGER

(Late 20s graduate qualified accountant)

MARLOW BUCKS — c£12,000 + car and bonus

Carnation Foods Company Ltd, is the UK subsidiary of a major United States food group whose world wide sales are in excess of $3.2 million. Turnover in Britain is over £70 million and profitability is good.

The position offers a wide variety of experience and responsibilities including staff management and involvement with general business problems such as new product development. Regular contact and liaison with both United States and local Management is a strong feature of the job.

The company is currently based in North London and will be moving to Marlow in November 1981. The remuneration package includes appropriate removal expenses.

The position is open to both men and women.

Please reply in confidence giving concise personal, career and salary details to:

MISS J. UPPERTON, PERSONNEL MANAGER,
CARNATION FOODS CO. LTD.,
CARNATION HOUSE,
11 HIGH ROAD, LONDON N2 8AW

Carnation

INTERNATIONAL APPOINTMENTS APPEAR EVERY THURSDAY

Rate: £22.50 per single column centimetre

JOBS COLUMN

Sharp increase of would-be self-exporters

BY MICHAEL DIXON

WHEN an elephant groom recently applied for a job abroad as a teacher, Overseas Recruitment Services thought it worth reporting to this column as something unusual.

As someone who has been writing about education among other things for more than a dozen years, I didn't see anything particularly odd about the conjunction. After all, teachers are given to speaking about their trade in terms of the menagerie. Take the experienced head-master who said he was fearful for some of the softer trainee teachers who were sent to his school these days because in his experience anyone who showed the slightest weakness before a class of children "would get more mercy from a cageful of Bengal tigers." So practised skill at taking liberties with elephants would clearly come in very handy.

But the ORS company, which specialises in recruiting people or even whole workforces for employers abroad, would not be deterred by such sophistication. "We've also had a barman wanting an engineer's job," it said, "and how about the biscuit-packer applying to be a geologist?" So I listened.

It turned out that in every case the applicant was educationally qualified for the job in question. None of them, however, had been able to find appropriate work in the United Kingdom since leaving university. Sadly, ORS added, their inability to gain working experience here would probably prevent them from taking up their chosen career abroad.

The opposite sort of block is very likely to frustrate the many people with experience but no professional or technical qualifications among the increasing flow of applicants for work in other countries. Those reaching ORS during January-March (Government please note) were about 30 per cent up on the coresponding levels a year ago.

At the Jobs Column's request, the company has made a more detailed check on skilled mechanics who lately applied to export themselves from Scotland. About 30 per cent of these 21- to 45-year-olds were already unemployed and others were expecting redundancy in the near future.

The remainder quoted various "reasons for leaving," notably a decreasing opportunity to develop one's working skills in the UK, and the fear that getting a job abroad was now the only way of earning enough to buy a house back home.

In addition, while demand from overseas for British workers with both experience and relevant qualifications is high, ORS thinks it is being somewhat retarded. The reason, the company suspects, is that economic conditions here are persuading many skilled staff already in jobs overseas to postpone their planned return.

Finance chief

RECRUITER Tony Barker of Merton Associates (Consultants) is seeking a group financial director for a London-headquartered employer which he may not name. So he, like the other recruitment consultant still awaiting his turn, guarantees that any applicant who so requests will not be identified to the employing company without further permission.

Mr. Barker says his client's market capitalisation is likely to be about £10m by the end of the year, and is intended to be doubled or better in real terms during this decade as the group grows both internally and by acquisitions.

Already established are a property division and two others whose particular skill is in marketing and distributing, rather than manufacturing, ranges of goods including building products. But extension into manufacturing is on the cards for the near future.

Accordingly, although candidates must be qualified accountants from one of the leading professional stables, they must also have gained first-hand knowledge of group consolidations and property deals, and have handled the acquisition and disposal of companies. Experience of management accounting in a big company involved in manufacturing is also wanted, as part of a career which has led to the financial directorship of a small concern or to controller level in a holding company.

The salary indicator is £25,000-plus, and perks include bonus and share options.

Inquiries to Mr. Barker at Merton House, 70 Grafton Way, London W1P 5LN; telephone 01-388 2051, telex 8953742.

Cheeky

IT WAS a bit of a surprise to someone born in the more civilised parts of Cheshire to find that there are head-hunters in Nantwich. I had always believed that all they had out there was salt mines.

But David Johnson has proved otherwise by coming in with a rather saucy offer on behalf of a garage group with a turnover of about £35m from nine sites, which in turn is a subsidiary of a publicly quoted company. Having put a lot of vehicle-purchase financing business out to external concerns, the garage group has now drawn up a proposal for the start of its own financing business. While this will start with in-house transactions, it is planned swiftly to branch into other fields.

Being thus in the market for someone to set up and develop the proposed business, the group has craftily decided to try to use its search to gain a bit of unpaid management consultancy on the side.

Any applicant with successful marketing experience, preferably plus relevant qualification, in the entrepreneurial branches of finance will be handed a copy of the proposal for the new operation and asked to submit a detailed report on how it should be started and run. The best report will win its author the job which is based in "the north of England."

Mr. Johnson says that if the earlier part of the report justifies it, the suggested salary which the candidate tacks on at the end will not be "a limiting factor." But coming—as I said—from Cheshire, I'd be inclined to take that with somewhat of a pinch of salt. They tend to get indigestion up there at the mention of salaries of more than £15,000 to £20,000, although there would no doubt be a payment-by-results element as well and a car among the perks.

Those interested and willing to risk penning their magnum opus for nothing can contact David Johnson at R.E.P. Consultants, 14 Barker St., Nantwich, Cheshire CW5 5SY; tel. 0270 626828.

Psychobabble

ABOUT to disappear until April 30, the Jobs Column has been seeking something unusual to report on its return. And as nothing can be more "unusual" than a mass of psychologists all pent up together, what better than the British Psychological Society's annual conference?

The most startling item on the menu is: "The effects of sex and fear level of subjects on the snake approach behaviour of dyads." But that can't have much to do with the jobs market, or at least I hope not.

"Hand-held decision analysis" seemed to imply an extension to the well observed nervousness of boffin-type analysts. Could it be that they no longer dare to work without somebody stroking their fingers? Alas, that session turned out to be on the psychology of operating palm-sized calculators

Then luckily I spotted a seminar which threatens to refute my disbelief that graphology, palmistry and astrology can be useful in assessing job-candidates. So I'll try to go along—*if my stars are right, that is.*

Executive Director Finance

c. £20,000

For the British subsidiary of a major international group operating throughout Europe with an internationally famous name. Sales in the U.K. exceed £45m.

The company in the U.K. is essentially an importing, distributive and marketing organisation with its manufacturing operation based in Europe. Candidates must be qualified accountants and experience of operating in a multinational environment would be useful. Reporting to the Managing Director, the appointment gives total financial responsibility for the company's U.K. operations and there will be strong emphasis on an active contribution to the development of overall commercial and marketing policies.

Ideally the candidate will have knowledge of at least one European language and be below the age of 40. The job is located in North London.

Please reply in strict confidence quoting reference 713ST, giving details of age, experience, qualifications and present remuneration to:

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Our client, a major international bank, is developing its range of consulting services available to clients and now wishes to recruit a Senior Consultant for the London based section specialising in

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The work will involve assignments on cash and financial management throughout the UK and Europe with the associated analysis, reporting, implementation and marketing.

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Please apply in writing, quoting ref: 1209 to David Thompson who is advising on this appointment.

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Additional tasks and responsibilities include the interpretation of monthly & annual accounts, detailed performance analysis, capital expenditure appraisals and feasibility studies.

Reporting to the UK Financial Controller the successful candidate will be expected to extend the financial function to keep pace with expansion. This is a critical line management position and early career progression is envisaged.

Relocation expenses will be paid. Apply in confidence to:

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Candidates should be qualified accountants in their late 20's to mid 30's, with well-developed financial skills and commercial flair. Our client is part of a larger group and career prospects are excellent.

Written applications containing career details should be forwarded, in confidence, to *Anthony J. Forsyth B.Sc., at 410 Strand, London WC2R 0NS, quoting reference 3212.*

DOUGLAS LLAMBIAS DLA
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3 Coates Place, Edinburgh EH3 7AA (031-225 7744)

Automotive Manufacturing Director

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Probably in your late 20's, a qualified accountant, you will need to have the flexibility of approach and the strength of personality to communicate effectively with local management. A knowledge of French would be an asset in this challenging non audit post.

Please apply to I. M. G. O'Hare, 124 New Bond Street, London W1Y 9AE, Telephone: 01-629 4226.

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Brief but comprehensive career details to: G. Berlyn, New Appointments Group, Personnel & Selection Consultants, 180 High Street, Bromley, Kent. Tel: 01-464 2131.

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Personnel Consultants

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LOMBARD

A little humility is required

BY ANATOLE KALETSKY

IT IS *A sad day for any nation when ignorance becomes a source of pride for its political leaders. Whatever the rights* and wrongs of the debate about monetarism, the know-nothing aggression of Conservative politicians and their supporters in response to the recent letter criticising Government policies from 364 academic economists is a bad omen for anybody in Britain who still expects some intellectual integrity in politics.

With her curt dismissal of the critics as "doing more damage to themselves than to anyone else," the Prime Minister seems, unfortunately, to have caught exactly the public mood of contempt for anybody who tries to point out that a national economy can be a more complicated thing to manage than a Grantham grocer's store.

Now there may well be something in the view that academic theorists have done more harm than good with their advice on economic policies—although I doubt whether an examination of post-war economic history in the developed countries would bear this fashionable prejudice out. But for the most intellectually pretentious Government in recent British history—a Government which has spent two years justifying unpopular policies by dogmatic assertions of abstract theories—it is outright hypocrisy to start deriding mere theorists as soon as the intellectual tide begins to turn.

But this is not the worst of the intellectual sins which the Cambridge manifesto has underlined. Throughout its term in office, the Government has sustained its policies by confusing three quite different categories of economic statements. These are:

(a) Truisms—statements which are true by definition. They convey information only about the meaning of words and not about the way the world works. Currently, the Government's most popular truism is that money GDP growth of 11 per cent in the next year could mean 10 per cent inflation and one per cent real growth or it *could also mean six per cent* inflation and five per cent real growth.

(b) Logical deductions from axioms about the way the world works. These axioms are re*garded as so self*-evident that they do not need to be empirically tested.

(c) Empirical hypotheses, about the way the world may or may not work. These have to be consistent logically with the axioms, but they can never be derived *with certainty* from the axioms alone. The chain of reasoning involves all sorts of assumptions, which may or may not be valid.

Doubts

When it comes to choosing empirical hypotheses on which to base Government policies, there is much to be said for trusting the judgment of "practical men" at least as much as that of academic economists, who tend to base their beliefs on models which reflect the way that things have worked in the past or in other countries. However, it must always be emphasised that these hypotheses are really just informed guesses about the way the world may work.

What distinguishes the present Government from all previous ones is that it has put about the impression that its empirical hypotheses and truisms are in fact logical deductions—that is statements which are necessarily and undeniably true. Ministers have claimed that growth in the money supply *necessarily* leads to inflation, that government demand management *cannot* have any permanent effect on the level of output, that unemployment *must* be caused by imperfections in the labour market, that manufacturing output will *inevitably* be reduced by the development of North Sea oil.

It is the Government's blustering claim that such statements are logically irrefutable which justifies the protest of the 364 economists. For the main achievement of academic economics over the past 50 years has been to show conclusively that such iron laws are *not necessarily* true—they may be true or they may not be, *depending on the circumstances.* That may seem like a very mean achievement after 50 years of intellectual endeavour. But imagine the state that Britain might now be in if Mrs. *Thatcher had admitted a little* doubt and humility into her range of economic concepts.

How copyright pulled up a shirt importer

IN 1787, during the reign of George III, an Act was passed giving proprietors of new patterns for printing on certain fabrics a two-month monopoly. Since then, various statutes have been adopted, protecting not only print patterns but also other industrial designs, and providing for their registration. More recently, a general law of copyright has developed.

Thus, more through accidents in legislative drafting than through any considered policy, the textile prints with which the 1787 Act dealt fell under the Copyright Act 1956.

Commiserate

However, that Act has been held up as a model of the worst English drafting style. Passed to give effect to an international agreement, it is twice as long as its German counterpart, and no less than five times as long as the Swedish text giving effect to the same international obligation.

One must commiserate with the Law Lords who were asked *to say what* the 1956 Act meant when it spoke of publishing and to decide on the basis for calculating damages for printing a copyright pattern on cotton shirts.

Lord Scarman described the Act as "tortuous and obscure." Lord Wilberforce spoke of the "*labyrinthine quality*" *which* pervades the whole Act, that makes it so extraordinarily difficult to interpret."

The appeal* before their Lordships concerned shirts with a colour print of three racehorses with jockeys, a drawing known as Past the Post. Representatives of Jaytex, a shirt importer, selected the pattern from the design portfolio of a Hong Kong textile company and arranged for the cloth to be printed and made up into shirts *for import into the UK.* After a number of shipments, Infabrics warned Jaytex that it *owned the copyright* in the Past the Post pattern. A further shipment was brought in, despite the warning, and it was in respect of this shipment that the action was brought.

*The 1956 Act protects copy*right in an artistic work against infringement by reproduction or *publishing. To complain of* reproduction would have been without legal problems, but it *would have raised practical* difficulties. The plaintiff would have had to find out who in *Hong Kong actually printed* the material, and the printer might not have been able to meet the *damages* and legal costs awarded. Infabrics chose, therefore, to complain of publishing *by Jaytex.*

Is a cloth published when a shirt made of it is seen by custo*mers in a shop?* Lord Wilberforce said of this question: "The complexity and obscurity *of the Act makes any answer* difficult and a certain answer impossible." At its simplest, "publish" means "make public." The Past the Post design was displayed on Jaytex shirts in a shop in the King's Road, Chelsea. To say that this is publishing the design is not necessarily far-fetched. *On the* other hand, to say of every shopping transaction that the shopkeeper publishes *the goods to the customer* imposes a certain strain on the language.

A more serious consideration of legal policy led their Lordships to reject the possible semantic absurdity. The law *protects* the owner of a copyright pattern most vigorously against the producer of copies, less so against dealers in them. However unaware you may be of another person's rights to a pattern, you will be liable in damages if you produce copies of it. Ignorance of the copyright cannot be put forward as an excuse.

A retailer or importer, on the other hand, will escape damages if he can show that he honestly did not know that any copyright had been infringed. If to sell or import copies is to publish them, this important safeguard for the innocent dealer would be lost. Before Jaytex lost its innocence when it was warned by Infabrics, it *did not infringe* the copyright as importer. It would be implausible, their *Lordships ruled, if it were then* to be held responsible as producer by stretching the mean*ing of "publish."* If it is impractical to sue for the reproduction of copies, it is fruitless *to sue for their publication.*

BUSINESS AND THE COURTS

BY CELIA HAMPTON

The calculation of damages for infringement lends weight to the importance of protecting honest dealers. In laying down the basis for this, the Copyright Act—far from being obscure—uncharacteristically admits of only one meaning. "The difficulties," said Lord Scarman, "are more of policy than of interpretation, and are not amenable to cure by judicial decision."

Two forms of damages are provided. The first—depreciation of the value of the copyright—will rarely amount to much. Drawings for textile prints come, from the artist's point of view, regrettably cheap. The second more than makes up the deficiency, however. The owner of the copyright is treated as being the owner of the copies of his design, and the person who has made the copies—or indeed sold them—is *liable for* their full value by way of damages.

The reason for this rather startling enrichment of the owner of the copyright is that the Act states that the infringer is liable for conversion of all infringing copies. Conversion is a wrong against some*one else's property,* which normally entails using it without the owner's consent or taking it away from him and the law is perfectly plain about the damages: these are equivalent to the value of the property.

That the 1956 Act was not thought out in relation to pat*terns or designs* is clear. The idea of awarding damages on this basis probably developed with *the intention of dealing* with copies made from plates and was extended haphazardly to cover *other* reproducing media as they became available.

A design of negligible intrinsic value may be imprinted on materials of considerable worth—bronze, or even precious metals, or cotton cloth. It will be more common for the major part of the expense of making the copies to be in labour costs, transport and marketing. In none of these has the owner of the copyright invested a penny, yet he will be entitled to the full value of the end product.

In the present case, this result was said to be "not manifestly unjust or exorbitant." The amount of damages awarded to Infabrics equalled the value of the last shipment made after the warning to Jaytex. This was perhaps enough to absorb Jaytex's profit from the entire enterprise.

If a person infringes a copy*right, there* is *one* chance of escape, not from all liability but at least from paying again *for the goods.* If he shows that he did not know of the copyright, *and* that it was *reasonable in the circumstances* for him not to know of it, he will be liable to account only for his profits.

Common sense

It will not be easy for the *handler of a fabric pattern* to prove this if he did not inquire into the existence of a copyright. *That is not a matter* of law, but of common sense. The duration of copyright protection is such that virtually any modern design may be within it.

The Government is currently reviewing copyright law. The grinding pace of such legislative reforms, however, makes the preservation of the anomalies thrown up in this House of Lords case certain for some time to come.

**House of Lords, Infabrics Ltd. v Jaytex Ltd., TLR March 27, 1981.*

Celia Hampton is editor of the Bulletin of Legal Developments and author of Criminal Procedure.

Lameness strikes the Guineas

RACING

BY DOMINIC WIGAN

THE GUINEAS ante-post markets, already badly shaken by pessimistic reports over Storm Bird's lameness, were thrown into further confusion yesterday with the news that Tolmi is lame and that Marwell has been working poorly.

Tolmi, arguably last season's fastest two-year-old, has pulled a muscle in her quarters and misses the Nell Gwynne Stakes at Newmarket. A pulled muscle at this stage in her preparation for the 1,000 Guineas must make her a probable absentee from the line-up for the April 30 renewal of the fillies' classic.

Ladbrokes reacted swiftly to *the news of Tolmi and Marwell* by slashing Fairy Footsteps' odds for the classic to 3-1 while pushing Marwell out to 11-1. Kittyhawk, now reported to be in fine shape after early spring doubts, is second favourite with them at 10-1.

In contrast the Tote offer only 7-1 against Marwell but a better price (7-2) against the favourite who will be ridden by Lester Piggott.

Returning to the 2,000 Guineas outlook, Beldale Flutter, the 14-1 second favourite, will be seen in action at Newbury on Saturday. There Beldale Flutter will be ridden by his big race jockey, Yves Saint-Martin, in the Clerical, Medical Greenham Stakes.

Another anticipated runner for the Greenham which a year ago attracted Final Straw, Known Fact and Posse, is Cut Throat, the intended mount of Philip Waldron.

The Greenham must now rank as one of Europe's most informative classic guides: the 1979 winner Kris and the runner-up Young Generation went on to finish second and third respectively to Tap On Wood in the 2,000 Guineas. Going back five years, Wollow won both the Greenham and the 2,000 Guineas.

Another intriguing event on Saturday at Newbury is the John Porter Stakes, a Levy Board-supported group two event for four-year-olds and upwards over a mile and a half.

Here the St. Leger winner, Light Cavalry, will be ridden by Lester Piggott; others expected to take their chance include Nicholas Bill, Pelerin and Shoot A Line.

The last-named is thought to have made outstanding progress since a year ago

WORCESTER

2.00—Low Quay***
3.00—Boyne Hill
3.30—Popsi's Mandate**
4.00—King Hustler
4.30—Go Wimpy
5.00—Choral Prince
5.30—Allten Glazed*

TV/Radio

† Indicates programme in black and white

BBC 1

6.40 am Open University (Ultra high frequency only). 12.42 pm Regional News for England (except London). 12.45 News. 1.00 Pebble Mill at One. 1.45 See-saw. 3.25 Claire Rayner's Casebook. 3.53 Regional News for England (except London). 3.55 Play School (as BBC 2 at 11.00 am). 4.20 The Perils of Penelope Pitstop. 4.40 Heidi. 5.05 John Craven's Newsround. 5.10 Blue Peter.
5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.55 Tomorrow's World.
7.20 Top of the Pops.
8.00 Are You Being Served?
8.30 Sorry!
9.00 News.
9.25 A Spy at Evening.
10.15 Question Time with Robin Day.
11.18 News Headlines.
11.20 Kojak.

All Regions as BBC 1 except as follows:—

Cymru/Wales — 5.55-6.20 pm Wales Today. 6.55-7.20 Heddiw. 11.20 Rygbi. 12.05 am News and Weather for Wales.

Scotland—5.55-6.20 am Reporting Scotland. 8.30-9.00 The Current Account Report. 12.10 am News and Weather for Scotland.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 10.15 Sportsweek. 10.45 Kojak. 11.35 Question Time. 12.35 am News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds); Look North-East (Newcastle); Look North-West (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South-West (Plymouth).

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
2.15 pm Embassy World Professional Snooker Championship.
5.15 Open University.
6.55 Snooker.
7.20 Mid-evening News.
7.30 George Cukor, Film Director.
8.05 In Search of . . . William the Conqueror.
9.00 Wall Street Crash.
9.30 Man Alive.
10.20 Snooker.
10.45 Newsnight.
11.30 Snooker (highlights).

LONDON

9.30 am Super Spy. 10.20 Young Ramsay. 11.10 Wild Canada. 12.00 Gideon. 12.10 pm Get Up and Go. 12.30 The Sullivans. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Take the High Road. 2.00 After Noon Plus. 2.45 Village Wooing. 3.45 Leave It To Charlie. 4.15 Five Magic Minutes. 4.20 Little House on the Prairie. 5.15 Emmerdale Farm.
5.45 News.
6.00 Thames News.
6.25 Help!
6.35 Battlestar Galactica.
7.30 Bognor.
8.00 The Morecambe and Wise Show.
8.30 TV Eye.
9.00 Hill Street Blues.
10.00 News.
10.30 Thames Report.
11.00 The New Avengers.
12.00 What the Papers Say.
12.15 am Close: "Sit Up and Listen" with Rosalind Runcie.

All IBA Regions as London except at the following times:—

ANGLIA

9.30 am The Legend of Los Tayos. 10.15 Then Came Bronson. 11.05 Patterns. 11.30 Floodlit Crown Green Bowling. 1.20 pm Anglia News. 4.20 Salvage. 6.00 About Anglia. 6.20 Arena. 6.35 Crossroads. 7.00 Benson. 10.30 Peterborough Festival of Country Music. 11.00 Quincy. 12.00 Paris By Night. 12.30 am The Living Word.

ATV

9.30 am Table Tennis. 9.45 Patterns. 10.10 Chopper Squad. 11.00 Sesame Street. 1.20 pm ATV News. 3.45 The Stationary Ark. 4.20 Vicky the Viking. 4.50 Little House on the Prairie. 6.00 ATV *News.* 6.05 *Crossroads.* 6.30 ATV Today. 7.00 Emmerdale Farm. 10.30 Contrasts. 11.00 ATV News. 11.05 Lou Grant.

BORDER

9.35 am Wildlife Cinema. 9.55 Animated Classic. 10.45 Tarzan. 11.35 *Mork and Mindy.* 1.20 pm *Border* News. 5.15 The New Fred and Barney Show. 6.00 Lookaround Thursday. 7.00 Emmerdale Farm. 10.30 Lou Grant. 11.30 Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News. What's On Where, and Weather. 6.00 Channel Report. 6.35 Crossroads. 7.00 La Moye Prison—The Best Hotel in *Jersey? 10.28 Channel Late News.* 10.36 Superstar Profile (Mel Brooks). 1.05 *Paris By Night.* 11.35 News and Weather in French.

GRAMPIAN

9.55 am First Thing. 10.00 Larry the Lamb in Toytown. 10.15 Bailey's Bird. 10.40 Patterns. 11.05 Tarzan. 11.55 Halas and Batchelor Cartoon. 1.20 pm North News. 5.10 Police News. 5.15 Emmerdale Farm. 6.00 North Tonight. 6.35 Crossroads. 7.00 The Electric Theatre Show. 10.30 Soap. 11.00 Thriller: "Death in Small Doses." *12.15 am North Headlines.*

GRANADA

9.30 am *Larry the Lamb.* 9.40 Bailey's Bird. 10.05 Survival Special. 11.00 Sesame Street. 1.20 pm Granada Reports. 4.20 Movie Matinee: Richard Greene in "Island of the Lost." 6.00 Granada Reports. 6.25 This Is Your Right. 6.30 Crossroads. 7.00 Emmerdale Farm. 10.30 Celebration. 11.00 What The Papers Say. 11.20 Pans.

HTV

9.45 am Animated Classics. †10.30 "The Day *the Earth Caught Fire*" starring Janet Munro, Leo McKern and Edward Judd. 1.20 pm HTV News. 5.10 Jobline Newsdesk. 5.20 Cross*roads. 6.00 Report West. 6.30 Happy* Days. 7.00 Emmerdale Farm. 10.28 HTV News. 10.35 Scene. 11.05 S.W.A.T.

HTV Cymru/Wales—As HTV West *except:—12.00-12.10 pm Owain A'r* Olion. 4.15 Brendon Chase. 4.45 Ser. 5.15-5.20 Clipperty Clobbered. 6.00 Y Dydd. 6.15 Report Wales. 6.30-7.00 *Sports Arena. 10.35 All Kinds of* Everything. 11.35-12.35 am S.W.A.T.

SCOTTISH

†10.00 am Thursday Matinee: "A Town Like Alice," starring Virginia McKenna and Peter Finch. 11.40 Tree Top Tales. 1.20 pm News Headlines and Road and Weather Report. 1.30 Out of Town. 3.45 Life Begins at Forty. 4.20 Unaccustomed As I Am. 5.20 Crossroads. 6.00 Scotland Today. 6.20 Action Line. 6.30 Mr. and Mrs. 7.00 *Take the High Road. 10.30 The Jazz* Series: Ronnie Scott Quartet, John Etheridge and Ric Sanders, Colin Bates. 11.00 Late Call. 11.05 Tenspeed and Brown Shoe.

SOUTHERN

9.30 am Call It Macaroni. 9.55 The Beachcombers. 10.20 Untamed World. 10.45 Musical Special. 11.45 Cartoon Time. 1.20 pm Southern News. 5.15 *Betty Boop. 5.20 Crossroads.* 6.00 Day By Day. 6.30 University Challenge. 7.00 Emmerdale Farm. 10.35 Your Westminster. 11.10 Kate Loves A Mystery. 12.05 am *What The Papers Say.*

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 9.30 Survival. 9.55 Cartoon Time. 10.00 Morning Movie: "Melba," starring Patrice Munsel with Robert Morley and John McCallum. 11.50 Sally and Jake. 1.20 pm North East News and Lookaround. 3.45 The Wild, Wild World of Animals. 4.20 The Fantastic Four. 4.45 Tarzan. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 7.00 Emmerdale Farm. 10.30 North East News. 10.32 Beyond Westword. 11.30 Soap. 12.00 A New Look at the Second Commandment.

ULSTER

1.20 pm Lunchtime. 4.13 Ulster News. 4.20 Call it Macaroni. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 6.50 Police Six. 7.00 Emmerdale Farm. 10.29 Ulster Weather. 10.30 Counterpoint. 11.00 Barney Miller. 11.30 Bedtime.

WESTWARD

9.20 am George Hamilton IV. †9.45 *Feature Film: "Our Man In Havana,"* starring Alec Guinness and Noel Coward. 11.30 Out of Town. 12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 5.15 Emmerdale Farm. 6.00 Westward Diary. 7.00 Westward Report. 10.32 Westward Late News. 10.35 Superstar Profile. 11.05 Paris by Night. 11.35 Faith for Life. 11.40 West Country Weather and Shipping Forecast.

YORKSHIRE

9.30 am Larry the Lamb. 9.40 Spread Your Wings. 10.05 Chopper Squad. 10.50 Cartoon Time. 11.00 Bailey's Bird. 11.30 Sport For All. 11.55 The Undersea Adventures of Captain Nemo. 1.20 pm Calendar News. 4.20 Jason, *of Star Command.* 4.45 Little House on the Prairie. 6.00 Calendar (Emley Moor and Belmont editions). 6.35 Crossroads. 7.00 Emmerdale Farm. 10.35 *With a Little Help.* 11.00 *The Monte* Carlo Show.

(S) Stereophonic broadcast
‡ Medium wave

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Andy Peebles. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.30 Steve Wright. 4.30 Peter Powell. 7.00 Wheels with Susie Barnes. 8.00 Richard Skinner. 10.00-12.00 John Peel (S).

RADIO 2

5.00 am Rey Moore (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 David Hamilton (S). 2.00 Ed Stewart's Request Show (S). 4.00 Much More Music with Jean Challis (S). 6.00 John Dunn (S). 8.00 Country Club with Wally Whyton (S). 9.00 Alan Dell with The Big Band Sound (S). 9.55 Sports Desk. 10.00 The News Huddlines with *Roy Hudd. 10.30 Star* Sound Extra. 11.02 Sports Desk. 11.03 Brian Matthew with Round Midnight, including 12.00 News. 2.00-5.00 am You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composers: The Court of the Sun King (S). 9.45 Edinburgh String Quartet (S). 10.40 BBC Concert Orchestra (S). 11.40 Francis George Scott and Kilpinen song *recital (S).* 12.10 pm BBC Northern Symphony Orchestra Concert, part 1 (S). 1.00 News. 1.05 Concert, part 2 (S). 1.55 In Repertory (S). 2.55 Cimbalom Music (S). 3.15 Handel concert (S). 4.55 News. 5.00 Mainly for Pleasure (S). 7.00 Talking About Music (S). 7.30 Radio Theatre 81 (S) 9.00 Henry Purcell (S). 9.15 An Exalted and Exceptional Destiny. 10.00 Patterson (S). 10.30 Words. 10.35 Dong-suk Kang (S). 11.00 News. 11.05-11.15 Antal Doráti conducts Bartok (S).

VHF only—Open University: 5.55-6.55 am and 11.15 pm-12.55 am.

RADIO 4

6.00 am *News Briefing. 6.10* Farming Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, *8.30 News Headlines. 7.45 Thought for* the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 "The Way of the World of Peter Simple." 9.30 The Living *World. 10.00 News.* 10.02 Enterprise. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 File On 4. 11.50 Enquire Within. 12.00 *News.* 12.02 pm You and Yours. 12.27 Brain of Britain 1981 (S). 12.55 Weather: Programme News. 1.00 The World at One. 1.35 Party Political Broadcast by the Labour Party. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre. 4.00 The Laughter Singers. 4.15 Bookshelf. 4.45 Story Time. 5.00 PM: News Magazine. 5.50 Shipping Forecast. 5.55 Weather; Programme News 6.00 News. 6.30 Any Answers? 6.55 It's A Bargain. 7.00 News. 7.05 The Archers. 7.20 Time for Verse. 7.30 Thursday Concert, part 1 (S). 8.35 A Sideways Look At . . . by Anthony Smith. 8.50 Concert, part 2 (S). 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 11.00 The Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.03 Morning Star. 10.03 The Robbie Vincent Telephone Programme. 12.30 pm London News Desk. 12.40 The Tony Fish Total *Music* Show. 2.30 Tony Blackburn. 5.00 News. 5.15 Music on the Move. 6.33 Openings. 7.03 Black Londoners. 8.00 As Radio 1. 10.00 Question Time from The House of Commons. 11.00-5.00 am Join Radio 2.

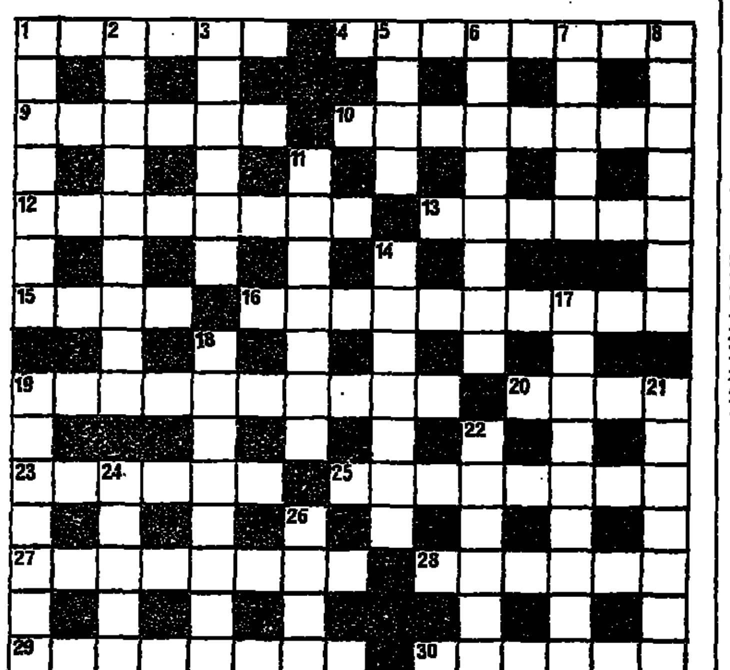
London Broadcasting

6.00 am AM—Bob Holness and Alan Clerk. 10.00 Brian Hayes. 12.00 LBC Reports. 7.00 pm London Life. 9.00 Mike Dickin's Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra. 4.00 The London Interview. 5.00 Morning Music.

Capital Radio

5.30 am John Sachs's Breakfast Show. 10.00 Michael Aspel. 12.30 pm Nicky Horne. 1.00 First Report. 1.10 Nicky Horne continued. 3.00 Roger Scott. 7.00 London Tonight. 9.00 Peter Young (rock music). 11.00 Tony Myatt's Late Show. 2.00 am Richard Allinson's Night Flight.

F.T. CROSSWORD PUZZLE No. 4,541



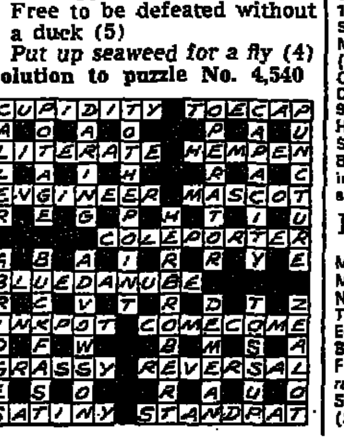
ACROSS

1 Imagine it could be a number (6)
4 Demeanour which, of mind, is keeping one's wits about one (8)
9 Out of the nose of a river? (6)
10 Applaud part turned back, but it's nonsense (8)
12 Hide end of epistle in a letter carrier (8)
13 Warning about start of break in chain (6)
15 Split the right to finish (4)
16 Ruin one pen in insincerity (10)
19 Cook part of body in reservoir for vapour (5-5)
20 Character placed on a stave is a key to the French . . . (4)
23 . . . and a French fastener to open (6)
25 Met in return to cover with metal and mould (8)
27 Bent instrument from bent room (8)
28 A play on words is initially hard to beat (6)
29 Do they enable us to see what we eat? (3-5)
30 Curdler getting a note back (6)

DOWN

1 Keep oneself in check on account of animal (7)
2 Be vexed about broken can and ground for complaint (9)
3 Join up again in truth (6)
5 Draw a line and govern (4)
6 Oust drink on set (8)
7 A tender fish (5)
8 Make them pay in sympathy (7)
11 Just a supporter seen on a soccer ground (7)
14 Refine tea on nets overturned (7)
17 Type of army saving (9)
18 Am I to send a message in friendly spirit? (8)
19 Deliberately sink a vessel (7)
21 Stream she has to worry about (7)
22 Neat type of beer (6)
24 Free to be defeated without a duck (5)
26 Put up seaweed for a fly (4)

Solution to puzzle No. 4,540



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هكذا من الأصل

THE ARTS

Coliseum

Bartok triple bill

Bartók's three theatre works re seen in Hungary as a suitable triple bill. But the comination of operatic and alletic forces makes them less ractical a proposition for pera houses here, and—elcome though the present NO/Festival Ballet enterprise in showing them together—e effect at Tuesday night's remière seemed more piously ommemorative in Bartók's entenary year than artistically alid. Neither of the ballets, he Wooden Prince and The iraculous Mandarin, has the eatrical efficiency of Duke luebeard's Castle, about which avid Murray writes. They ere composed in the decade llowing Bluebeard and, however admirable their scores, ey prove awkward structures r dance.

It is, I suspect, no accident at The Wooden Prince has ever before been staged here, nd Mandarin is a notorious ap for choreographers: none f the five versions I know has een entirely satisfactory. Both re products of a wholly usical rather than choreoraphic inspiration. We have ut to compare the collaborave procedures of Stravinsky nd Fokine to sense how the arly Stravinsky ballet scores re shaped and paced with a ear understanding both of eir dance potential and of a ore sophisticated theatrical anner than that implicit in artók's scenarios.

The Wooden Prince is especilly intractable. Part fable, part airy-tale, its action — devised y Béla Balázs, scenarist of luebeard — is uncertain in evelopment, indecisive in haracterisation. It calls for rees, flowers, waves, to impede he progress of a young prince who has fallen in love with a rincess, and for a Fairy to anipulate the principals in rrational, capricious fashion. The score is attractive, light in texture, but far from helpful to a choreographer in its inner time-scale; incidents are either too long or too short to support a dance-manner vastly developed since the Budapest première in 1917 in which Balázs played a not inconsiderable hand as producer was well as librettist. To make sense of this *Dancing Play* — Bartok's description of his score—would seem to require opulent fantasy, and in these hard times (especially hard for Festival Ballet of late) and for a short season, this would be financially irresponsible.

The solution devised by Geoffrey Cauley and Phillip Prowse as choreographer and designer, seems to me admirable. By adopting the conventions of the Chinese theatre in staging and costume, they have stylised and simplified the fairy-tale. The waves are dancers decked with blue and white streamers; the trees and flowers bear coloured flags on their backs like generals in Peking opera; black-clad servants set up the minimalist properties; the princess's tower is a bare structure of white ladders and red wooden scaffolding; any magnificence of design (as for the Fairy, most gorgeous in dress and maquillage) achieves maximum effect. It must be said at once that Prowse has, characteristically, produced a stage picture of brilliant refinement and efficiency: bold primary colours; a vivid blue-washed sky and a white cotton paling to fence in the action; a stunning first appearance for the Fairy whose immense red wings fall and disappear like a curtain as the action begins; costuming that adapts Chinese dress with extreme skill. The eye is ravished by a staging whose economy has sharpened every effect.

Cauley's dances are comparably restrained. This "action for dancers" has pared away some of the implicit folksiness of the ballet to arrive at a simple "contained" manner which stresses the underlying theme of young people learning to see through the shadow of outward appearance to the substance of love. The characters are clear: even the Fairy, with her odd shifts of patronage as she first hinders, than helps the prince, is given an implacable and commanding presence by Patricia Ruanne, splendidly arrayed as a Manchu Empress going to war. Matz Skoog is the prince, shown at first as a boyish kung-fu addict, petulent and bewildered, but finally achieving maturity and understanding, and he is excellent. The little princess whom he loves, and who learns to love him, is prettily played by Jane Scott. The cohorts of waves, trees, flowers, are manipulated easily. Whatever longueurs there may be in the original scenario and, momentarily, in the score, are dissipated by the beautiful clarity of the stage picture conjured up by Cauley and Prowse.

The Miraculous Mandarin is given in Flemming Flindt's version, made for television in 1967 and produced for the Royal Danish Ballet shortly thereafter. Like every other staging I have seen, it is dominated by the score, and occasionally barks its shins against the faintly risible theme. Flindt has excised most of the local colour of back-street whoring, and uses abstractions of the characters to drive the story along with his customary theatrical verve, in an austere and effective setting by Preben Hornung. The trouble with this revival is that, of Festival Ballet's artists, only Ben van Cauwenbergh as the Mandarin provides anything like the emotional density in playing that made the Royal Danes' account memorable, with Flindt himself as the Mandarin, Vivi

Leonard Burt

Matz Skoog and Patricia Ruunne in The Wooden Prince

Flindt as the Girl, and an artist of the stature of Fredbjorn Bjornsson as the Girl's first client. Given performances of this calibre, and Danish bravura for the dances of the three pimps, Flindt's realisation had a vicious drive that pinned the action securely into the score. With the exception of van Cauwenbergh, the present cast flounder when they should be riding the crashing waves of the music. Cauwenbergh has the technical toughness his role demands, and his dying moment —the Mandarin's face unmasked to reveal the flesh freed of lust and life—is potently done.

I leave full discussion of the musical aspects of the evening to David Murray: I merely report that Janos Furst's accompaniment of the dancing was sympathetic in both ballets.

CLEMENT CRISP

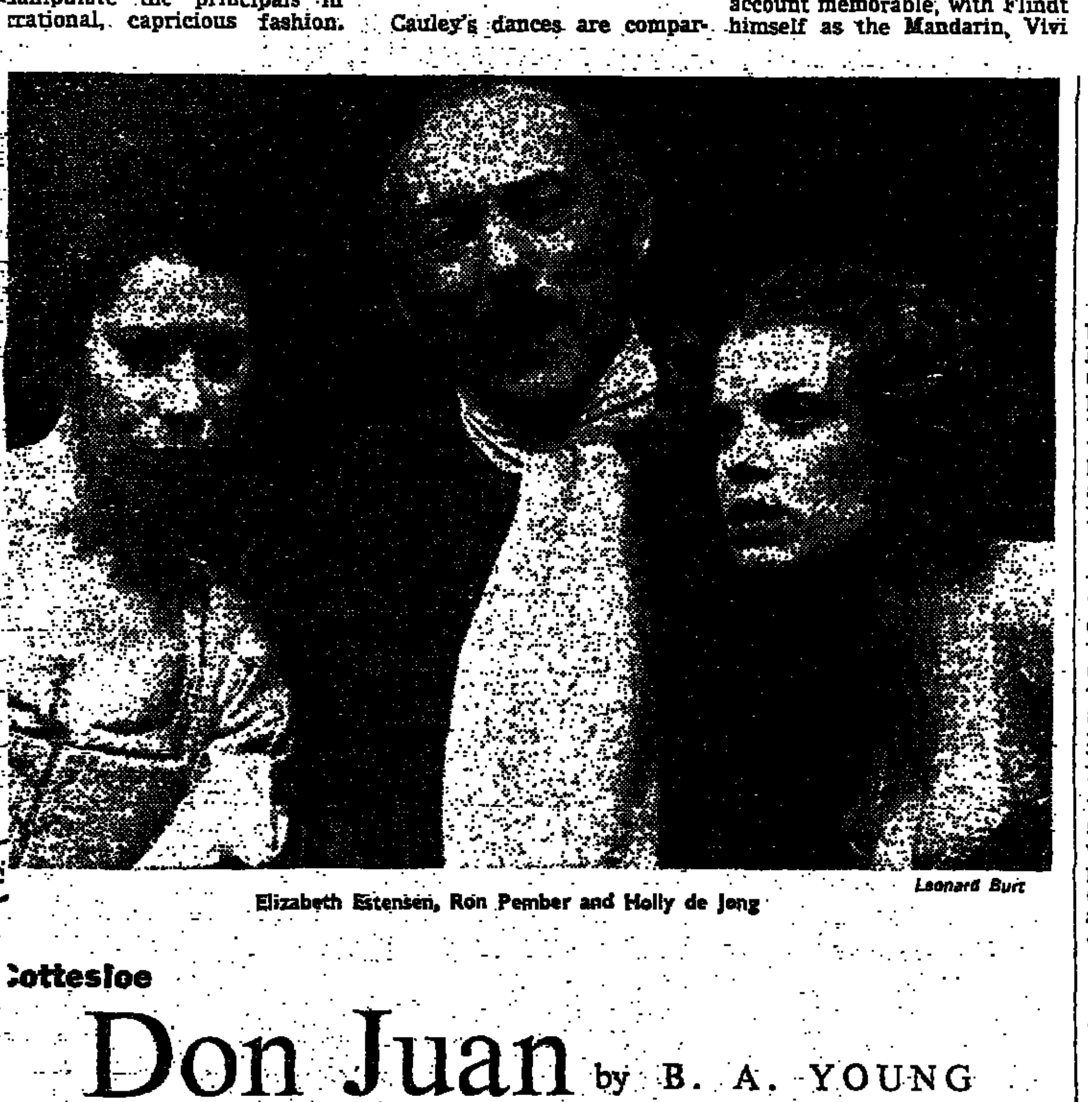
Furst steered all thee scores with a sensitive hand, though until *Mandarin* (rightly, the ENO performs the works in *chronological order*) the orchestra gave him soft-focus playing. There were luminous passages to set against odd fuzzy details; Furst drew some of the sting from the Wooden Prince's own tooth-jarring music, perhaps to preserve some unity of tone in that very uneven score. *Miraculous Mandarin* had the right hard bite. A more pungent and imaginative clarinet would have helped in each of the pieces, and the nasal, under-co-ordinated organ was disappointing in *Bluebeard*.

John Tomlinson is a magnificent Bluebeard, strong enough to make up for the weaknesses of the old production—or rather of Ralph Koltai's self-advertising set, which skews the action and leaves the producer Glen Byam Shaw to make the best of it. What Bartok and his librettist Balazs prescribed was unimprovably simple and specific: as the new wife Judith insists upon opening door after door, Bluebeard's gloomy domain must be cumulatively flooded with many-coloured streams of light, and must return to Stygian darkness as the sixth and seventh doors disclose his last secrets. Koltai gives Bluebeard no domain, but only a glaring white rectangle, behind which semi-abtract visions succeed one another in a giant kaleidoscope. (They seem to be cranked by hand.) The actors dwindle, and are reduced to

Tomlinson is a bass, and though the role invites a bass quality its tessitura is rather higher than that: still, it would be finicky to regret that the most intense passages—the fifth-door triumph and the valediction—lie above his best register. His sonorous presence is commanding. Elizabeth Connell makes a fluttery, lymphatic Judith: not, I think, the dauntless young New Woman that her creators envisaged, but touching enough. If the tension between the characters never develops a high charge, her fading away into Bluebeard's memory-museum is still very moving.

Chester Kallman's translation is acceptable; neither singer tries to recapture the accented snap that lends force and points to the original Hungarian diction. Even without that, and with Furst inclined to hurry too anxiously through the music before the ritual door-opening begins, the opera again exercises its extraordinary grip. It loses nothing in the context of the evening. I agree with Clement Crisp that the artistic effect of this triple bill is uncertain: it is all the same a fascinating sequence, and it provides many small insights into Bartok along the way.

DAVID MURRAY



Elizabeth Estensen, Ron Pember and Holly de Jong

Leonard Burt

Cottesloe

Don Juan by B. A. YOUNG

Molière's comedy is the first orthwhile variation on Tirso's l Burlador de Sevilla, which ly 35 years before, in 1630, ad conjured Don Juan Tenorio ut of the air and given him mortality. Molière's Juan ffers from Tirso's in being a tal atheist, indifferent to any ought of eternal punishment r his misdemeanours, and the ay deals more with his morals an his lechery. Indeed, apart om the case of Donna Elvira, hom he had snatched from her nvent before the start of the ay, there hardly is any chery, just the richly comic ene in which he is proposing arriage to two peasant girls once.

But his morals are appalling. ot only is he a lecher, and a ar with it, counterfeiting marage to girl after girl (but not the course of the play); not ly is he determinedly against religion; he becomes a hypocrite, the failing Molière hated most. He affects repentance, he affects devotion, yet he scoffs at the faith right up to the moment when he gives his hand to the statue of Elvira's murdered father and is dragged down to hell.

The play is almost as ragged in composition as Tirso's, but it is held together by the beautifully-written characters of Juan and his servant Sganarelle, who opens the piece with a paean to tobacco and provides Molièresque low comedy throughout the evening. Nigel Terry's Juan is particularly right in his portrayal of Juan as a perfect gentleman, impeccable in his manners *when necessary*, knightly and courageous if called for, when, for instance, he rescues Donna Elvira's brother Carlos from three robbers. I was less certain of Ron Pember's Sganarelle, whose low comedy was too low for my taste.

This is partly due to John Fowles's translation, however, which goes off the rails when it is not dealing with the speech of gentlemen. Sganarelle addresses Gusman as "Gooseberry." He makes a Shakespearian, but not Molierean, pun on the word "country." Essaying gentility, he says "Undisputably how bloody diverting." Things are even worse with the real peasants, who talk about "mullarking about" and use oaths like "split me breeches" (pronouncing "breeches" to rhyme with "reaches"). Mr. Pember plays down to his words; David Troughton as Peter, the young man whose girl Martha Don Juan is trying to seduce, overcomes his with a nice little sketch.

Peter Gill's mise-en-scène is the loveliest thing you ever saw. He has a plain wooden stage, backed, high up, by four wooden panels on which are projected pictures by Alison Chitty that set the mood without necessarily setting the scene. A corps of grey-swathed players is used to move the props, to act as a background—some of them are always in sight right upstage—or to mask the approach of someone whose appearance should be unexpected. When Juan and Sganarelle go off to exchange clothes, they execute *a modest dance to fill the time*. Some of them play small parts —Elizabeth Estensen and Holly de Jong as the two peasant girls, for instance.

The Commander, similarly swathed, is Robert Flemyng, who is adept at putting authority into short speeches. Elvira, at first after vengeance, then, rather conveniently, resigned to the convent, is nicely played by Di Trevis, and there are short moments of the truest nobility with Michael Gough as Juan's father.

La Scala, Milan

Stockhausen's Thursday

by DOMINIC GILL

It was not in fact on Thursday but on Friday last week that Karlheinz Stockhausen's new opera *Donnerstag* was finally presented complete for the first time—after a fortnight's dispute with the Scala's chorus which had reduced the work from three acts to two, and delayed the première.

Donnerstag aus "Licht" (which is the composer's full title) is the second completed "day" of *Licht* (a project of epic, super-Wagnerian proportion comprising seven "operas," one for each day of the week, which Stockhausen five years ago announced will occupy the next 20 years of his composing life. As a result of this grandiose plan, every new Stockhausen work as it emerges may be considered and performed (by those who commission it) as a separate piece in its own right: but eventually it must take its place as a further chapter in the larger enterprise of *Licht*.

This has meant inevitably that the greater part of *Donnerstag* had already been seen elsewhere before its Milan premiere. I reviewed the second act, called *Michaels Reise um die Erde*, on this page when it was commissioned and presented jointly by Donaueschingen and IRCAM in 1978; likewise also the first act, *Michaels Jugend*, commissioned by and performed at Recha Freier's Testimonium Festival in Israel the following year; and David Murray has written here of *Festival*, the first part of the final act of *Donnerstag*, when it was given as a Holland Festival Commission in Amsterdam last June. Only *Vision*, the last act's second and shortest scene, was therefore in this first complete performance strictly "new."

Such a work-plan, eminently defensible in practical terms—how better to guarantee continuity of performance of one's oeuvre over a period of 20 years?—may nonetheless prove to have certain artistic disadvantages. For *Licht*, on the evidence of *Donnerstag* at least, is a Wagnerian enterprise only in scale. It has nothing otherwise to give it any manner of Wagnerian shape or coherence; no narrative to speak of, no development, no consistency of approach, or of instrumental or vocal forces, no *leitmotive*, no sense (nor even any attempt to lend a sense) of the *gradual* unfolding of a grand design.

Donnerstag is a patchwork: a cobbling together of four wholly disparate compositions scored for four entirely different instrumental and vocal ensembles, which make their effect in four entirely different ways. This need not have mattered: there is no fixed path, or fixed recipe, for great art. But in *Donnerstag* the seams—for all the manic force of the hooks, clamps and ligaments that bind them—show badly. *Musically*, it is a work of uneven, flawed, but at its consistent best, unmistakable genius: a giant sketchbook of surprises, twist and turn, thrilling moments, startling conceits, driven on every page with extraordinary and visionary energy. But dramatically, as a whole span, sewn up as it is with only the slightest regard for the basic elements of stage presentation or theatrical craft, it is as heavy as lead.

If Bach had taken a cantata, a flute sonata, a keyboard concerto, an organ toccata, a Brandenburg, and a handful of scattered numbers from the Passions and the Forty-Eight, added some stage directions, bound them all in one volume, and thrust them forthwith on to the stage: that would have been his *Donnerstag*. No doubt we should have forgiven him, for the very quality of wonderful music the venture revealed. If Stockhausen had done the same, and left it at that, present-day audiences would most likely have been nearly as pleased. But Stockhausen has not: he has stirred up his mixture with such a generous measure of *ersatz* "operatic" seasoning and *kitschy stagecraft* that the genius of the music, on page after vital page, is all but eclipsed.

It shines brightest and clearest in the second act. When I wrote about *Michael's Journey around the Earth* from Paris in 1978, I was puzzled to imagine how the piece could be staged. For it is essentially a concert-work: a concerto, nearly 50 minutes long, for trumpet and chamber orchestra, without verbal narrative or vocal part. It was a real and remarkable achievement of *Donnerstag's* producer and designer, respectively Luca Ronconi and Gae Aulenti, to have worked out together such an effective stage-plan for a piece that is essentially unstageable. But imaginative *as it was, all that they* achieved—and especially for *Michael's Journey*—was no more than cosmetic, a pretty blush on a grimly untheatrical cheek.

The huge revolving globe in the centre of the stage from which Marcus Stockhausen, the composer's son, popped out his trumpet from time to time to utter his solo part, or the glum group of penguin figures clustered at its base, added nothing to the music—and even confused the symbolism: for it is the orchestra, in its pit below and apart from the globe, that represents the world; and it is surely not to the world, or from within it, but *on* and *about* the world that Michael's trumpet speaks?

I found it more satisfying to listen to this second act, at the second of the two Milan performances I heard, with eyes closed. For the score is a magnificent invention, and the line it traces, heard with the inner eye, is a marvellous journey of sound. Allusions abound: Michael lights at one moment in Bali—a glittering, frenetic chattering of music, seemingly suspended in time. In Germany he unearths a broad symphonic canvas, twilit cavern of Wagner and Brahms. From New York, a gust of blues; from the Middle East, a plangent Semitic melody. From some instruments there are wild and jubilant cadenzas; from others quiet, luminous meditations. A pair of clowning clarinettists, and a basset-horn Eve (played by Suzanne Stephens, dressed all in flowing virginal white), make physical appearances. The visual underlining is unnecessary: the mind's eye has it perfectly clear.

Elsewhere, Stockhausen takes aboard all of the awkward amateur-theatricals that are only slightly obtrusive in the *Journey* and inflates them into full-scale pantomime. The first two scenes of the first act, *Michael's Youth*, are a kind of recitativo-circus, brilliantly sustained, and prettily staged by sets and groupings strongly reminiscent of Robert Wilson, but musically thin. The third scene, called "Examination," alone supports the act: effectively a 20-minute Fantasy for piano, voice and trumpet or basset-horn with a supporting vocal quartet that is, like the *Journey*, a remarkable musical fusion—a hybrid of piano blues, stride and ragtime with Strauss, Debussy, the Schoenberg of the Chamber Symphony, and the Bartok of *Bluebeard*, knit from a language that is entirely Stockhausen's own, wholly original, and that contains no single trace of mere pastiche. At the keyboard, confident and commanding in her delivery, was Majella Stockhausen, the composer's daughter. The success of the piece is self-contained, and relates to nothing before or after: and it would, I strongly suspect, make a still more vivid impression in the concert hall.

The *Festival* of the third act is the only part of *Donnerstag* which seems ideally housed; a solemn, swelling liturgy, well-suited to the ritual spaces of an opera-house or cathedral, interrupted by two genuine *coups de théâtre*—"a very old woman" who appears, surreally and inexplicably, from the rear of the stalls and stops the proceedings for three or four minutes dead in their tracks; and the vociferous intervention of Lucifer (sung with splendid venom by Mathias Hölle), wheeled in high, and again from the rear, on a forklift truck—the one single personage in the whole of *Donnerstag* (for Stockhausen's Lucifer, like Milton's, is as human as can be) of identifiable and communicable character. For the final scene, called *Vision*, the pace flags once more, and the musical substance (as well as the scoring, now for electric organ, tape and voices alone) is drastically thinned; our attention is drawn instead —theatrical device, or just plain cop-out?—to an ingenious little shadow-play shown upside-down on a screen.

The libretto is the composer's own: a private, hermetic confiation, mainly in German, of various sources and texts, neither poetical nor narrative, nor even a purely musical vehicle, peculiarly without *distinctive flavour or centre*. The premiere was notable for many fine performances: by the conductor Peter Eötvös; by all of the singers, especially the Eve of Annette Meriweather, and the pair of tenor Michaels, Robert Gambill and Paul Sperry; and not least by the composer himself, seated at an immense control panel in the stalls, *directing the projection of the* sound (every voice and instrument was amplified) that swirled around us, in front, on either side, and behind.

Festival Hall

Elijah

by PAUL DRIVER

What is the point now of Whipping Mendelssohn for his *Elijah*? Everyone knows about its awesome, immediate success, its vast exemplary significance for the Victorians; about its controversial role in Mendelssohn's *oeuvre*, embalming all that was least valuable in his creative gift. Every critic has retold the story and all subsequent generations of music students have surely become aware of the work as a solemn, albatross-like entity before actually getting to hear it.

Two things astonish me: that it goes on being performed and performed; and that—as I am now certain, having finally heard it myself on Tuesday all the opprobrious things that have been said about it are nevertheless true.

I felt fairly confident that there would be redeeming features to be found, even a new dimension that, as is the case with so many old-fashioned works, long considered boring, would only become obvious to a later generation. But *Elijah's* secret stubbornly witholds itself from me yet. Hardly melody, a choral burst, a scena, rose above the level of the second-rate, of that oppressive adequacy which, indefatigably diluting Old Testament fury into saccharin moral platitude, is the chief Mendelssohnian bane. Nothing, not even the depiction of the "still small voice" in which was the Lord, with its ethereal woodwind chord, really drew on those reserves of mercurial inspiration the composer so abundantly had. So I should be glad to be told precisely what it is in the score that gives pleasure to so many and does not merely add to the weariness of life.

The performance on Tuesday by Goldsmiths Choral Union and the Philharmonia under Brian Wright in itself gave much pleasure. With Linda Esther Gray and Ameral Gunson in excellent voice, and Michael Rippon standing in, erect, devout and sonorous, for Thomas Allen (as Elijah), it was, in fact, impeccable: no women's chorus could have been more seraphic; Elijah's "It is enough O Lord" could not have been more poignant. When though has *Elijah* not had the benefit of first-rate performances?

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1975=100); retail sales volume (1976=100), retail sales value (1976=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unemployed	Vacs.
1979							
3rd qtr.	112.7	103.2	101	106.6	149.6	1,269	247
4th qtr.	112.6	104.2	101	109.1	185.9	1,286	230
1980							
1st qtr.	110.0	100.1	100	110.2	158.6	1,379	193
2nd qtr.	106.6	96.8	97	109.2	164.3	1,498	159
3rd qtr.	102.9	93.3	84	108.9	170.3	1,699	120
4th qtr.	100.2	89.1	79	109.0	205.2	2,020	98
June	106.6	96.3	107	109.5	167.1	1,542	145
July	105.1	95.2	87	108.5	172.8	1,609	128
Aug.	102.5	93.0	92	109.6	157.6	1,697	120
Sept.	101.2	91.5	73	108.5	170.4	1,791	111
Oct.	100.6	90.1	75	109.7	179.1	1,893	100
Nov.	100.5	89.3	84	109.2	192.8	2,030	96
Dec.	99.6	88.0	78	108.4	236.0	2,137	99
1981							
Jan.	98.3	87.5		114.0	177.6	2,228	104
Feb.				112.9	170.1	2,304	98
March						2,381	97

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1979							
3rd qtr.	105.6	96.4	132.5	95.0	105.1	100.2	21.0
4th qtr.	105.4	101.1	129.6	99.2	103.4	96.4	19.7
1980							
1st qtr.	104.6	100.9	123.5	98.8	56.4	92.2	13.3
2nd qtr.	98.2	96.2	123.1	93.2	93.7	85.6	15.3
3rd qtr.	97.0	95.0	117.1	91.3	77.9	82.8	12.5
4th qtr.	93.7	90.3	116.2	85.5	70.1	76.1	10.1
April	99.0	97.0	122.0	94.0	89.0	88.0	15.0
May	97.0	96.0	124.0	93.0	99.0	84.0	16.7
June	98.0	95.0	124.0	93.0	94.0	85.0	16.4
July	99.0	96.0	121.0	93.0	81.0	85.0	13.6
Aug.	97.0	95.0	116.0	91.0	80.0	85.0	10.8
Sept.	95.0	94.0	114.0	90.0	73.0	79.0	13.0
Oct.	95.0	92.0	115.0	87.0	67.0	76.0	11.9
Nov.	94.0	90.0	117.0	85.0	74.0	78.0	11.2
Dec.	93.0	89.0	116.0	84.0	69.0	75.0	7.1
1981							
Jan.	93.0	87.0	114.0	83.0	72.0	75.0	10.5
Feb.							11.9

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1979							
3rd qtr.	129.9	132.5	−762	−210	−172	106.5	23.18
4th qtr.	129.8	132.6	−775	−579	−152	103.5	22.54
1980							
1st qtr.	133.0	126.9	−388	+ 54	− 95	101.0	24.87
2nd qtr.	126.2	126.2	−320	− 88	− 11	103.4	28.15
3rd qtr.	125.1	118.7	+616	+870	−157	105.5	28.08
4th qtr.	126.5	111.8	+1,269	+1,385	+222	105.6	27.90
1981							
1st qtr.							28.34
June	128.9	124.2	+ 15	+ 81	− 23	103.8	28.17
July	128.6	117.1	+303	+403	+ 98	104.3	28.27
Aug.	123.8	120.5	− 29	+ 72	+ 23	106.0	28.29
Sept.	121.9	114.8	+344	+429	+ 39	105.3	27.64
Oct.	124.5	106.3	+506	+711	+133	105.2	28.03
Nov.	129.4	114.6	+410	+615	+ 54	105.6	28.19
Dec.	125.7	114.5	+353	+559	+ 35	105.1	27.48
1981							
Jan.	123.9	101.3	+742	+1,042	+210	106.4	28.39
Feb.	121.7	114.3	+314	+614	+231	105.1	28.43
March							28.21

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
1979							
3rd qtr.	12.0	11.2	13.2	+3,642	933	1,875	14
4th qtr.	14.4	15.6	22.6	+2,977	839	1,959	14
1980							
1st qtr.	− 4.0	7.2	21.9	+1,725	634	2,049	17
2nd qtr.	− 1.5	10.7	23.3	+3,317	697	1,964	17
3rd qtr.	12.9	39.0	45.2	+6,889	1,090	1,933	16
4th qtr.	6.5	20.7	11.2	+3,494	1,253	1,790	15
June	− 4.9	13.7	28.8	+1,403	206	675	17
July	9.5	36.5	50.8	+3,718	340	663	16
Aug.	11.2	40.8	46.4	+2,139	307	613	16
Sept.	17.5	39.5	38.7	+1,032	443	657	16
Oct.	3.9	23.5	19.3	+1,164	520	629	16
Nov.	6.4	19.3	7.7	+1,446	285	558	14
Dec.	9.3	19.5	7.0	+ 884	448	603	14
1981							
Jan.	7.8	13.0	10.1	+ 622	446	618	14
Feb.	13.0	8.6	12.8	+ 575	366	636	14
March							12

INFLATION—Indices of earnings (Jan. 1976=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (Dec. 1975=100)

	Earnings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1979							
3rd qtr.	154.2	169.9	176.4	231.1	231.9	301.66	91.3
4th qtr.	161.7	183.9	181.8	237.6	237.2	295.13	88.5
1980							
1st qtr.	167.7	197.2	191.4	248.8	247.5	284.47	93.0
2nd qtr.	178.9	201.3	199.0	263.2	255.9	267.45	94.5
3rd qtr.	188.4	201.9	203.6	268.9	259.3	275.13	96.7
4th qtr.	193.3	203.3	206.1	273.9	260.7	269.25	100.2
1981							
1st qtr.		213.7	212.2			257.79	101.4
June	183.7	201.1	201.0	265.7	275.9	267.45	94.5
July	185.1	201.7	202.7	267.9	259.9	273.57	95.6
Aug.	186.5	201.8	203.5	268.5	259.0	275.38	96.8
Sept.	193.6	202.1	204.6	270.2	259.0	276.44	97.6
Oct.	189.9	201.4	205.3	271.9	259.3	274.65	99.2
Nov.	192.6	203.4	206.2	274.1	260.0	270.56	101.1
Dec.	197.3	205.1	206.7	275.6	262.7	262.53	100.2
1981							
Jan.	193.6	209.7	209.9	277.3	266.7	251.88	102.0
Feb.		214.0	212.0	279.8	268.9	259.93	102.5
March		217.4	214.8			261.56	99.7

* Not seasonally adjusted.

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Thursday April 9 1981

Oil prices and the market

KUWAIT appears presumptuous in suspending shipments of oil to customers because of their failure to agree to paying a *premium over and above the* "official selling price" for its heavy, rather sulphurous crude. Last year it was able to exact considerably higher premiums than those now being demanded as a result of purchasers' general anxiety about supplies—although market conditions then hardly justified the amounts that they paid on top of a very much lower base of $29.50. Now, with an "official selling price" of $35.50 there is no justification for any premium on Kuwaiti crude.

Current surplus

For the first time since the unco-ordinated escalation of oil prices which began early in 1979, the oil companies have been able to resist resolutely the excessive demands of a producing state. They are in a position to do so because of the soft market which has prevailed over the past year in spite of the loss of the greater part of Iraqi and Iranian exports.

The world-wide surplus is currently estimated to be running at 2-3m barrels a day. Stocks are high and prices on the spot market have sagged. The high prices set by members of the *Organisation of* Petroleum Exporting Countries and their contribution to global recession have been largely responsible for the reduced de*mand*.

Most of all, however, consumers have Saudi Arabia to thank for this situation. Shortly after the outbreak of the Gulf *conflict between Iraq* and Iran, it decided to make good the shortfall in supplies from them by removing the ceiling of 9.5m barrels a day previously set for *its own output and pumping* at a rate of up to 10.3m b/d. It is continuing to exceed the old limit during the second quarter notwithstanding the glut on the *oil market. This policy* reflects Saudi Arabia's traditional concern for the world's economic health and its awareness of its own inter-dependence with the West. *It is also trying* to use its predominant weight within OPEC to bring about a unified and rational price structure following more than two years *of disorder and disarray.* Consumers must support this objective as long as the moderate views of Saudi Arabia prevail.

Riyadh would argue that it is strenuously trying to bring about price realignment as a necessary preliminary to obtaining unanimous agreement to proposals contained in the OPEC's Ministerial Committee on long-term strategy. These call for a system for indexing oil prices to inflation in industrialised countries, to currency fluctuations, and to average growth rates of members of the Organisation for Economic Co-operation and Development. Consumers, not least the developing countries, cannot be expected to approve any system geared to inevitable increments. But predictable increases when market conditions justify them, are preferable to arbitrary and extortionate ones.

Saudi constraints

Saudi Arabia's policy is aggravating other members of OPEC, not least Kuwait. Ever since Saudi Arabia's first efforts to exercise restraint on prices after the three-fold escalation in 1973 it has been clear that there are limits as to how far the Kingdom is willing and able to oppose other oil producing states, especially Arab ones.

It is all the more surprising that Saudi Arabia should be taking such a strong line at a time when moderate, as well as radical, Arab regimes are concerned at the primacy given by the U.S. Administration to the containment of Soviet expansion rather than a solution to the question of Palestine. The link between Saudi moderation in oil politics and movement towards a Middle East peace settlement is neither explicitly stated nor defined but exists as strongly now as it did in 1973.

At the same time the regime is increasingly open to criticism *at home for producing* oil at a rate beyond that dictated by the country's financial requirements. These pressures can only be exacerbated by Kuwait's *action on oil prices.* The two states have many interests in common and it is not in Kuwait's interests to make Saudi Arabia's balancing act more difficult.

Wrong way to a wider tax base

THE CHANCELLOR has this week come to the City to defend his special tax on bank profits, *a Welsh Daniel in a den of* normally sleepy lions. This tax has attracted passionate opposition from the clearing banks. We find we cannot share their indignation, but can still hope that the row will persuade the Chancellor to adopt less rough and ready methods of financial and tax reform.

The Chancellor would be able to defend his own case more robustly if he had shown enough confidence in it to make it an annual event, rather than *a once-for-all raid on a* convenient jam jar. The whole thing looks somewhat furtive, yet the reasoning behind it is sound. It is a tax not on *efficiency, or even profitability,* but on a form of monopoly income. The state encouraged the huge banking mergers which have contributed to the *lack of price competition in* retail banking. An increase in competition, perhaps stemming from changes in structure, is the right long-term objective, but *in the meantime a tax seems* acceptable.

Deposits

It is worth noting that the *banks have protested against* a Government proposal to impose a temporary 2½ per cent tax on a particularly profitable class of liabilities, but have raised no protest at all against the subsequent proposal from the Bank of England to call for interest-free deposits to cover a half of one per cent of their entire liabilities. This is effectively just as much a tax, and is declaredly designed to provide an endowment income for the Bank of England itself, yet the victims seem to regard this as fair value for money.

The other objections advanced are no more compelling. The tax will hardly undermine the capital adequacy of banks whose earnings are the envy of the world. There was adequate warning, much discussion, and the tax was generally expected.

As the Chancellor reminded *his City audience this week, he* had warned the clearing banks before the Budget that a special tax was under consideration. They rejected an *offer of an agreement with the* Government on a cost-sharing arrangement for fixed rate export credit. "I make no complaint about this," the Chancellor *said;* "it is certainly understandable that they should prefer a tax imposed by law to an arrangement of that kind."

Sir Geoffrey accepted that bank profits contained a cyclical element and reflected the clearers' good overseas performance. But this did not alter the case for the special tax; the high phase of the banks' profit cycle had been prolonged by the high level of interest rates. *A charge* on non-interest-bearing accounts was justified because they were the foundation of endowment profits at a time of high interest rates.

In the broader context of tax policy, however, the bank tax is hardly an achievement on which the Chancellor can pride himself. The Government took office committed to a fundamental reform of taxation; but apart from generous concessions to small entrepreneurs, who have virtually been *relieved of all capital taxation,* there is very little to show for it. The broader strategy for incentives called for taxes at more modest rates raised on a broader base.

In place of this strategy, we have seen only opportunistic raids on oil and bank profits. There has been a rather modest extension of taxes on benefits in kind. In revenue terms, the total result has been very unimpressive.

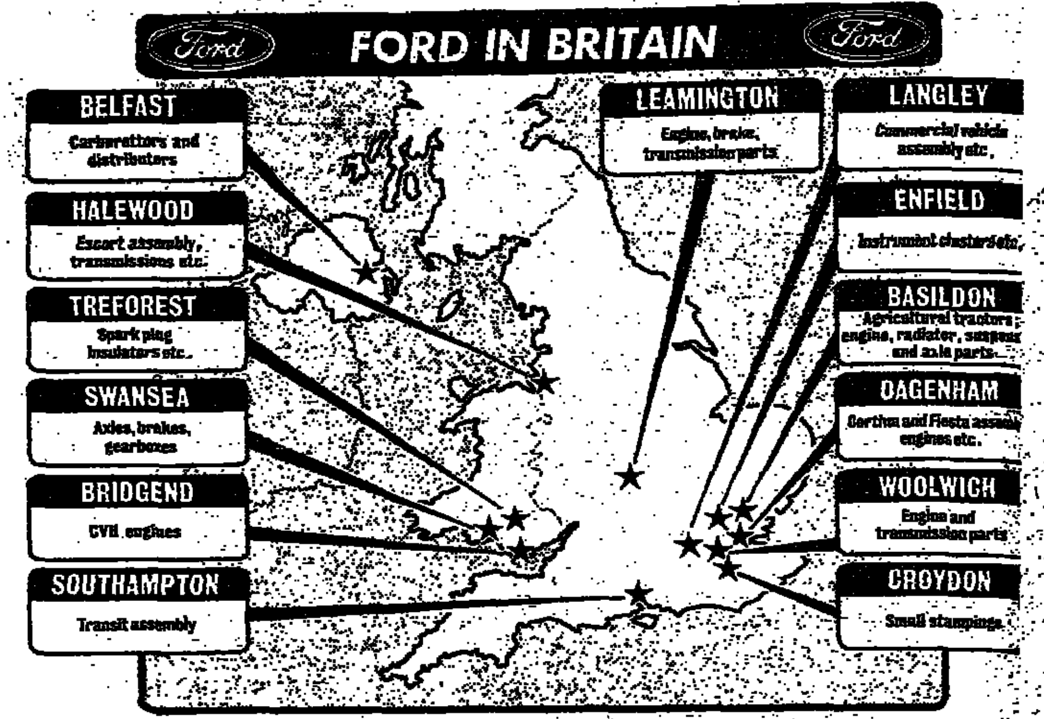
What is notably lacking is any comprehensive review of what the Inland Revenue rightly calls "tax expenditures"—the concessions, worth some billions in total revenue, to various special forms of private income and expenditure. Would-be reformers have argued convincingly that the cost of concessions to house purchase, contractual saving, and some classes of capital investment is not simply a matter of lost revenue, but imposes a further heavy burden on the economy through distorting the allocation of financial and real resources.

Incentive

Any erosion of these privileges would, of course, raise a *protest which would make the* clearing bank chairmen sound like Conservative Whips; but there is no way in which the Government's aim to create an *incentive society can be achieved* without facing these issues. Excessive borrowing, and income taxes below the poverty line, are not appropriate *sources of finance.*

THE JAPANESE CHALLENGE

Ford gears up to streamline its British model



Brana Radovic

On the day Ford announced a £226m profit on its British operations, union officials were told wide-ranging changes in working practices must be made in UK plants to keep them competitive. Nick Garnett reports. Kenneth Gooding (below) assesses the British performance.

FORD'S unions might be forgiven for thinking *yesterday* that the company wants to have its cake and eat it as well.

Union officials were informed that the British operations were about the only part of the worldwide Ford empire to make profits last year, albeit severely reduced to £226m from the record £386m in 1979.

At the same time, senior management reported at a series of presentations yesterday that sweeping changes in attitudes on manning levels and working practices must be accepted in UK plants in order to keep them competitive!

Such changes, linked to the introduction of new equipment would result in a planned and drastic reduction in the company's 55,000 manual labour force over the next few years.

Mr. Bill Hayden, Ford's vice president in charge of manufacturing, repeated on film that the company could be seeking a reduction of about 40 per cent in its total workforce of more than 70,000 over the next four years to 1985.

The company as a whole, along with many other European manufacturers, has been struggling to contain the enormous advantages in productivity enjoyed by Japanese motor manufacturers which have been threatening to submerge their competitors.

This is a problem for Ford's European plants but a much bigger headache for its British operation where the productivity leeway is much greater.

The company says that 9,500 workers at Halewood, Merseyside, are needed to meet production targets whereas at the near-identical plant at Saarlouis, Germany, only 6,000 workers are used, and who more consistently hit those targets.

The unions complain that the numbers cannot be compared so simply

There are at least six areas where the company will be seeking improvements in existing arrangements and agreements or a very radical shift in the way work is done.

● **Preventative maintenance.** *Ford says there is a greater* incidence of unnecessary machine breakdowns in UK plants than in its European operations and that part of the reason for this is a failure to deal with problems before they reach a critical stage.

● ***Job mobility.*** The willingness of workers to be moved from one job to another affects the ability of management to cover for sickness and to meet pressures caused by production bottlenecks. Manning levels tend to allow for day to day absences and output difficulties but production can be severely disrupted if a large proportion of workers in a key area are not available for work.

● **Unofficial relief time.** Management says that manning levels *in some areas have been geared* to providing slack time. This can be translated by the shopfloor either into a work rate per employee lower than is acceptable *or into providing* non-work relief time for one or two workers in each small production group at any one time of the working day.

*There are three areas, how*ever where management will be requiring major changes amounting to a very significant alternation in working practices and attitudes.

● **Demarcation.** The company will demand the breakdown of a large number of existing demarcation lines, at least on the lines that exist in some of Ford's European plants.

Union officials say, for example, that with the installation of more Universal Transfer Devices (robots) the company will want to reduce the current number of a dozen or so grades of fitters—as laid down in the *job structure agreed in 1967*—to one or two. Each robot would be serviced by one electrician and one fitter.

● ***Changes in job content.*** The company will be introducing far more robots as well as other new equipment, particularly at Dagenham for the production of the Cortina replacement.

Union officials said yesterday that they had been told that the company planned to increase the number of robots from 10 in use in 1979 to 476 by 1982.

The company will almost certainly be seeking firm assurances on co-operation with the introduction of this equipment

● **Quality circles.** The company has introduced quality circles in most of its European operations and they are used to some extent in certain areas of the company's UK operation —in parts of the Dagenham site, for example.

The company does not complain about the quality of vehicles made in the UK. It argues, however, that British plants are not adept at hitting "first time" quality targets and this results in an excess of extra *rectification work on vehicles in* the plants before they are ready for sale.

Ford's drive to change attitudes, working patterns and *labour structures has already* started. The new disciplinary code, which involves extra wage losses for workers who go on unofficial strike and was intro*duced in Britain last year,* is an example.

So, too, are the moves to shorten command structures among foremen and senior *management* both in the UK and West Germany. This [illegible] be accompanied by job re[illegible]tions among white collar [illegible] including inspectors. Ab[illegible] 250 senior managerial jobs [illegible] the UK have been designated [illegible] go.

Mr. Ron Todd, senior ne[illegible]tiator for Ford's manual unio[illegible] says the unions understand [illegible] company's problems and [illegible] willing to examine any prop[illegible] for improving efficiency.

The unions though will [illegible] their own proposals on is[illegible] they have frequently ra[illegible] before—shorter working hou[illegible] sabbaticals, special allowan[illegible] for production line workers [illegible] a new pay structure.

The unions will also ar[illegible] that productivity can be [illegible]proved by increasing ou[illegible] with the existing manpo[illegible] There appears to be considera[illegible] acceptance among the un[illegible] though that the company [illegible] travel much further down [illegible] road of efficiency over the [illegible] half decade but do not be[illegible] Ford will be able to carry [illegible] all that it has told the un[illegible] *it wants to do.*

The importance of the UK performance

FORD needs Britain as much as Britain needs Ford. The British operations were about the only part of the Ford empire to make profits last year, while Ford as a whole built up net losses of $1.545bn (about £700m).

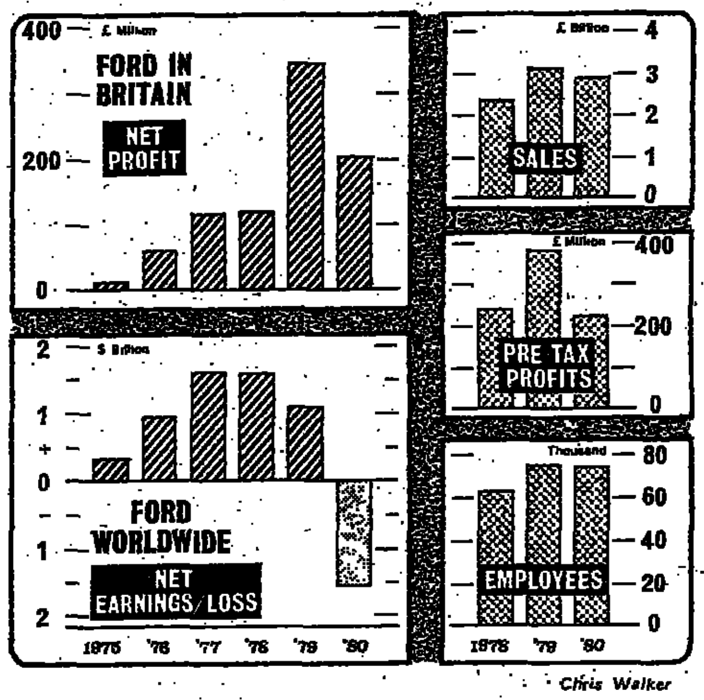
For the past 10 years while Ford's profitability in the U.S. has been steadily declining, the overseas operations, particularly in the UK and West Germany, have obscured the problem by more than making up the deficit.

In 1979, for example, Ford of Britain contributed nearly 70 per cent of the total Ford profit, paid a £135m dividend, and loaned its parent £229m.

Within Ford of Europe, the UK and German operations have equal status but in normal years Ford of Germany's car output has been nominally higher because it has responsibility for the plant in Genk, Belgium.

This usually adds around 300,000 cars a year to the German production of about 500,000. Ford of Britain's car output in 1980 was 343,000, down from 400,600 the previous year, while Ford of Germany (including Genk) suffered a 25 per cent drop to 644,400.

Ford of Germany has still to report in detail but the indications are that it might even have dropped into the red in 1980. The previous year it recorded a DM 483m (£117m) profit.



Chris Walker

Ford made profits in Britain last year in spite of the sharp drop in the car market, down from 1.71m to 1.51m, and the severely competitive conditions which accompanied the fall.

Those conditions drove its main UK-based competitors into huge losses. BL's was £387.5m before tax. Vauxhall and Talbot have still to report but the indications are that they suffered losses of about £100m, and £80m, respectively.

Ford managed to buck the trend by selling more cars and commercial vehicles than anyone else in Britain, and in the motor business volume equals profit.

The group sold nearly 465,000 cars in the UK last year at prices higher than anywhere else in Europe or North America.

Three of its models topped the best-selling cars list: the Cortina with sales of 190,281; the old-style Escort, 103,840; and the Fiesta, 91,661.

Ford accounted for nearly 31 per cent of *all* new car sales in Britain last year and nowhere else in the world does the group have anything like that market share—not even the U.S. where its share has slumped from 23 to 17 per cent since 1978

Ironically, Ford seems locked into Britain by its very success. It must go on spending heavily to maintain its position.

At Halewood on Merseyside it recently spent £207m, mainly to introduce production of the new Escort. Another £135m will be spent by 1985.

As Ford pointed out yesterday, its total spending programme for Britain at £1.4bn for the next four years has never been bigger.

A major factor in the spending plans will be the introduction of a replacement for the Cortina, code-name Toni, at the Dagenham plant.

The Cortina is the key car in the Ford range. It has topped the UK best-sellers list for nine years thanks to its wide acceptability among the fleets.

Ford wants to launch Toni at the Birmingham Motor Show in the autumn of 1982 — which explains why the group is in something of a hurry to get agreement on changes in working practices to go along with the highly-automated equipment it is putting into Dagenham.

The group estimates that its car assembly capacity in Britain is 500,000 a year but output in 1979 was 398,684 and last year, admittedly a year when an important new car was gradually being introduced to Halewood, only 342,732.

Ford promises the position will be better this year with far fewer imports on Cortinas and Fiestas, output of the new Escort building up and some export of Escort engines from the new Bridgend plant to help the UK trade balance.

In that connection it is just as important that Ford should continue to use UK component suppliers. So far, in spite of the opportunities apparently offered by the "world car" for sourcing components on a huge scale from relatively few places, and in spite of the group's growing Japanese connections—it has a 25 per cent shareholding in Toyo Kogyo, the Mazda concern, and is having talks with Toy[illegible] Japan's largest vehicle prod[illegible] —Ford shows no signs of w[illegible]ing to pull the plug on its Bri[illegible] component suppliers.

Ford of Europe, which [illegible]ordinates production in [illegible]many, Belgium, France [illegible] Spain as well as the UK, buys about 45 per cent of [illegible] components it requires f[illegible] outside suppliers from Bri[illegible] sources.

But it re-sources about £[illegible] worth each year so the pat[illegible] could change fairly quickly. [illegible] far, however, Ford has [illegible] some success in persuading UK suppliers to raise t[illegible] quality to Japanese levels.

Some years ago Henry F[illegible] actually threatened to [illegible] Britain because he was so f[illegible]trated by labour relati[illegible] difficulties.

Mr. Bob Lutz, chairman [illegible] Ford of Europe, is taking a [illegible] dramatic approach, but [illegible] equally doom-laden. "Of cou[illegible] we could not pull out of ma[illegible]facturing in the UK because [illegible] the political ramifications. [illegible] it would decimate our mar[illegible] share there.

"But the truth is that wi[illegible] future investment has to [illegible] made by Ford it will be bou[illegible] to go to those areas where th[illegible] is higher productivity and b[illegible]ter labour relations."

MEN AND MATTERS

By yon bonny banks

While Michael Sandberg, urbane chairman of the Hongkong and Shanghai Bank, dealt smoothly with the queries of the Scottish Press in Edinburgh yesterday, Willie Purves, the bank's international general manager, sat silently at his side. Not that Purves was lost for words about the £500m counterbid for the Royal Bank of Scotland. He was already hoarse from constantly repeating them the previous night.

Purves, a Scot, retains his direct lines to the financial lairds of Charlotte Square. And soon after Hongkong's bid was announced on Tuesday, he was on the telephone to his old friends, even reaching one at a holiday hotel on the Costa del Sol.

Hongkong and Shanghai had done its homework well and knew that Caledonian sensitivities had been ruffled by what are seen as the slick City manners of Standard Chartered. So the message from Purves on Tuesday night was similar to that given by his boss yesterday.

In an ideal world, Purves conceded, the Royal would be left alone. But if someone had to take it over then who better than the cousins from Hongkong. They would ensure that the Royal retained its independence and its Edinburgh headquarters.

Purves wasted no words on the Scottish TUC — to whom one international capitalist looks much like another — or on the implacable Scottish National Party. But Hongkong's combination of big money and gentle promise seems to have won over at least some of those who have been putting the boot into Standard Chartered's bid.

They are now cheerfully recalling just how old and extensive are the links between Scotland and the distant Crown Colony.

Royal's chairman, Sir Michael Herries, is one of that charmed circle of Scottish Lowland *families who have dominated* the affairs of Hong Kong through their control of the princely Hong of Jardine Matheson

Eton and Cambridge-educated Herries is a former chairman of Jardine, taking over the post at the age of 40 in 1963 and holding it for seven years. He was also for many years a director *of the Hongkong and Shanghai* Banking Corporation, whose initials (HSBC), it is said, could equally well stand for Home for Scottish Bank Clerks.

"Do you think we could be retrained as robots?"

Agree to differ

The Prayer Book Protection Bill may have been one of the main Parliamentary attractions yesterday, but there was precious little fellowship, Christian or otherwise, in evidence over in Committee Room Six, where the Treasury and Civil Service Committee gathered to launch its report on the Budget.

A Press conference lasting for an hour or so was largely taken up by squabbling between the Committee members about the meaning of what was, ostensibly, an agreed report.

Not that the Committee had lacked a chance to air its differences beforehand. The discussions and divisions on drafting had consumed over seven hours, and the accompanying record of proceedings is as long as the main report.

The Committee is not renowned for its shrinking violets. But primus inter pares among the dissenters was probably Anthony Beaumont-Dark, a rumbustious Black Country Tory. Why did a particular passage read rather oddly, he was asked. One paragraph was written by a sensible chap, the other by a crank, came his curt reply. Neither of the gentlemen alluded to spoke up at this point. Nor did "Tony" Beaumont-Dark fire his salvoes only across party lines. "Pious nonsense," he said, cheerfully condemning the views of a fellow Conservative.

What with a frank and forthright Jock Bruce-Gardyne preferring the stock market's bullish assessment of British industrial prospects to that of the wise Parliamentarians, the famed powers of charm and suavity attributed to Committee chairman Edward du Cann were stretched to the full. "Clear assessment of the position . . . bound to be divergent views from any group of lively minds," he soothed.

Early warning

Groping, bleary-eyed and slack-jawed, all too early to my office yesterday morning, I was much cheered to read the words of wisdom uttered by straight-talking New Zealand Prime Minister Robert Muldoon on the subject of working breakfasts.

It had been the unwise initiative of the New Zealand Booksellers Association to invite Muldoon to address them over early morning toast and coffee. "An abomination" thundered Muldoon, warming to the horrors of doing business at dawn, "and they are also an American abomination, which makes it worse."

It was, explained the Prime Minister, a breakfast meeting with former U.S. Secretary of State Edmund Muskie which had convinced him of the impropriety of trying to negotiate the affairs of state at an hour when cracking a boiled egg is a task quite sufficient to tax one's intellectual and physical resources. "At that time of the morning," complained Muldoon, "one is supposed to be doing things quietly and normally." "I arrived at the State Department, Muskie put his arm round me and gave me an orange juice—which was a new experience for me."

"He lost his job soon afterwards," concluded Muldoon, "which just shows what a working breakfast can do for you."

Crystals clear

Looking back, several thousand reckless Irish motorists will discover that it was an even merrier Christmas than they thought at the time, thanks to a fire at the laboratory responsible for analysing blood and urine samples taken from suspected drunken drivers.

Police throughout the Republic have been told that there will be no prosecutions of the 3,000 motorists whose samples were handed over to the Dublin Medical Bureau of Road Safety between October and February last. The ones that got away include an estimated 1,000 breathalyser-blowers nabbed over the festive season.

Cross purposes

Plans for a new council in North Staffordshire have run *into local opposition because of* its suggested name . . . Loggerheads Parish Council.

Observer

ECONOMIC VIEWPOINT

Beware of the public investment trap

THE LATEST piece of wishful thinking, stalking the political and financial undergrowth, concerns the magic word "investment." Increases in public spending would not be inflationary, it is said, if only they were devoted to *investment*.

As a result, people who should know better are turning themselves into lobbyists for the chairmen of the nationalised industries. A lot *of misguided* ingenuity in the City of London and elsewhere is being devoted to finding ways of financing public investment that are outside the definition of the Public Sector Borrowng Requirement (PSBR).

The vogue for "investment" among politicians rests on the confusion between investment *as a component* of demand and investment as a source of future productive potential.

Demand management neither should be, nor has been, abolished. But there has been a necessary change of emphasis from unobtainable targets for "real demand" related to output, towards nominal targets. Present objectives are in effect *in terms of total* money spending (i.e. money GDP or money times velocity). This is now rising at about 10 per cent per annum and the recovery of output will depend on the *speed* with which wage and price fixers adjust to this framework.

There can be a rational argument about whether the Medium-Term Financial Strategy allows too rapid, or too slow, or just the right, growth in total spending. There can also be a rational argument about the composition of that spending, whether public or private. But much of the public investment campaign is an illegitimate confusion of these two categories of argument.

Even when it comes to the composition of Government spending, one should be suspicious of the slogan "Current spending bad, capital spending good" which emanates from Mr. Edward du Cann. This is too much like a chant from Animal Farm.

Investment is not in itself virtuous. Like exports, it is a cost and not a benefit. In much of the public sector the dividing line between current and capital spending *is pure accountancy*, depending on whether physical structures are left behind after the end of the year in question.

Those famous swimming pools with artificial waves—which are mentioned at every City lunch as an example of local government profligacy—count as capital investment. Expenditure on science teachers or industrial training (other than erecting buildings) counts as current spending.

Investment is not in itself virtuous. Like exports, it is a cost and not a benefit.

In the private sector, profitability *provides some objective* criterion for deciding whether an investment is worthwhile—although even here there can be a good deal of wishful thinking in management-dominated companies with funds for for plough-back. For about 80 per cent of public investment there is no such criterion. In the nationalised industries *which make up the remainder*, profitability estimates are of course made, but the lack of a market test deprives them of much of their value.

There is really only one method by which these industries can borrow on genuine risk-taking terms without an implicit Treasury guarantee. This is by hiving off and de*nationalising the activities con*cerned—which could include handing the assets over to the labour force (the word "privatise" should be banned).

Unfortunately, there is a direct conflict of interest between the professed concern of the nationalised industry barons for more investment and their desire to protect their own fiefdoms, and I think I know which of the two will win.

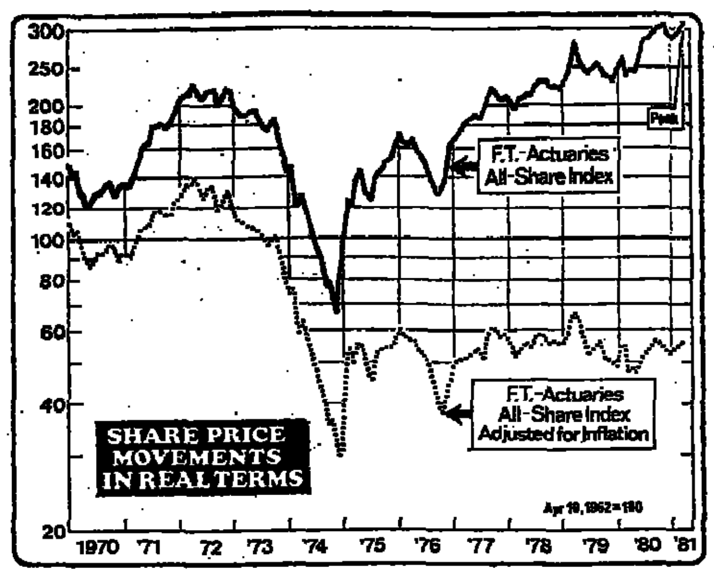
There may be a few "unbelieving monetarists" in the *Treasury and Bank of* England, who make a fetish of the PSBR because they believe it to be Government policy. For the main economic strategists, however, the PSBR is not even an intermediate target, but one level below that. Should a host of nationalised industry projects miraculously arise, which appear genuinely profitable to those without a personal, financial or bureaucratic axe to grind, then it would be indeed rational to allow the public sector to borrow more—even at the expense of allowing interest rates to rise (or fall less)—and thus crowd out some, less profitable, private sector projects. Alternatively, taxes could be raised or spending cuts made in other parts of the public sector to make room for them.

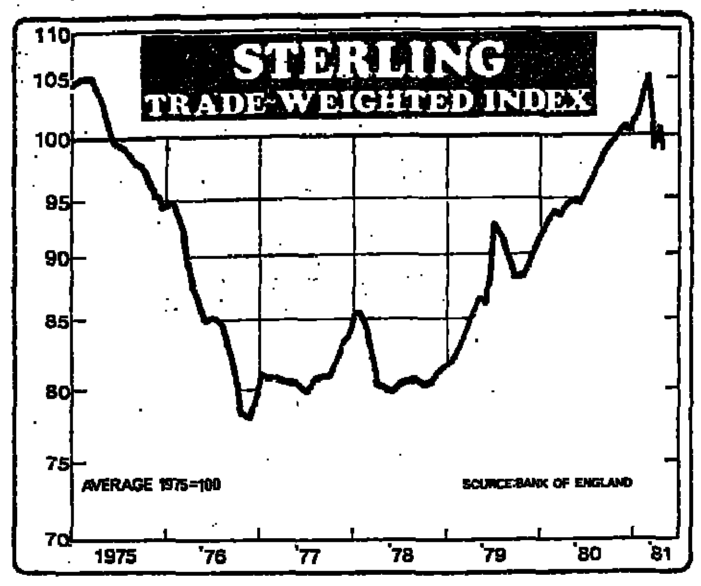
But I am afraid that those anti-Treasury members of the *Cabinet in the forefront of* the public investment campaign would be the first to oppose such measures. The fact is that within a given total of money GDP all investments, whether physical or financial, compete with each other: and investment itself is in competition with consumption. This is so, irrespective of the financial mechanisms *involved—a point which Mr.* Gordon Richardson, governor of the Bank, overlooked when he expressed to the Treasury Committee the fear that Government-indexed bonds would crowd out new equity investment.

Some people have tried to muddle up the demand management arguments with those about the allocation of resources by claiming that investment (not just by nationalised industries) would increase supply potential so much as to be non-inflationary. This suggestion, reminiscent of the so-called "supply side" economics of some of the Reagan advisers, *cannot survive even a cursory* scrutiny of orders of magnitude.

Let us consider a £5bn a year public investment programme, big enough to satisfy most of the present clamour. That would amount to 2 per cent of the Gross Domestic Product. Assuming an extremely generous 10 per cent real rate of return (compared with a 2 per cent *realised return on industrial* and commercial assets), such a programme would add 0.2 per cent to the growth rate, if it continued year after year and did not run into diminishing returns. Leaving aside all problems of lags while the projects are in the pipeline, the addition it would make possible to targets for money GDP or *money supply, would be of* the order of 0.2 per cent per annum.

Not one word here is an argument against public investment, if it can be justified by whatever criteria politicians and officials can erect to measure the public benefit in the vast area where no commercial profitability test is available. The argument is against the, not always disinterested, wishful thinking of those who suppose that public investment is a costless option which can increase output and employment without the inflationary risks that other kinds of spending would incur.





THE ECONOMY AT THE TURNING POINT

ALL THE Central Statistical Office (CSO) cyclical indicators suggest that the bottom of the recession was reached either around the turn of the year or in the first quarter of 1981. The biggest threat to recovery is the persistence of inflation abroad and consequent recurrence of high interest rates. Nevertheless, the speed of recovery will depend, in the main, on the deceleration of the UK inflation rate.

Seasonal factor

The Retail Prices Index is subject to sharp seasonal upward movements in March and April. Allowing for this, the underlying inflation rate is about 10 to 11 per cent. Wholesale prices, excluding foodstuffs, which have been only slightly affected by the Budget, have risen by 8 to 10 per cent per annum in the last three to six months.

The biggest external inflation threats have come from the upsurge in commodity and oil prices in 1981 and the rise in the dollar. All but the last of these have now subsided. Internally, companies in the most exposed sectors, and those with decentralised bar*gaining have been negotiating* wage increases as low as 4 or 5 per cent.

The trade-weighted sterling exchange rate index has fallen *by 5½ points from its January* peak of 105. This is enough to give some encouragement to exports without triggering off a new depreciation and inflation mentality.

Economic strategists see the danger point for the latter somewhere in the low to *mid-90s. Meanwhile the* Budget reduction of the PSBR provides scope for further interest rate reductions. The first fruits of previous reductions have been seen in a slight upturn in house prices and a recovery in private building starts.

Costs drive

The FT Actuaries Index, despite its recent rise, is still far below its level of 10 years ago, allowing for inflation. Although it points to a cyclical recovery, it also emphasises the long-term lack of profitability. There are signs that this is now being tackled by a drive to cut costs and reduce overmanning on a greater scale than in any previous recession.

In the last economic cycle there was a one-year lag between the low point of the cycle established by the CSO and the upturn in vacancies, and a lag of a further year and a half before unemploy*ment turned down*. Estimates of the underlying rate of unemployment which would remain after economic recovery (the so called "natural rate") range from 5 per cent—about 1.2m adult unemployed—by the Treasury to over 8 per cent or 2m by the Liverpool economic model. To reduce this would require inter alia a reform of labour market monopoly power, housing policy and the "poverty trap."

Samuel Brittan

Letters to the Editor

Gas standing charge rise

From the Member for Finance British Gas Corporation

Sir,—Mr. R. Holden indulges in a fantasy about the future rate of standing charges for domestic gas customers. His letter (April 7) is totally misleading about the true record on gas prices and the purpose of standing charges in our tariffs.

He wonders about the "moral justification" for an increase in standing charges above the rate of inflation but he misunderstands the role of these charges.

The standing charge is to cover the costs incurred in providing a gas supply — the pipe leading to a customer's house, the meter, the cost of reading it, the billing process and the emergency and other services British Gas provides which are not individually charged for. A policy which, incidentally, has the full support of the National Gas Consumers Council and was recognised as a proper basis for tariffs in the document "Energy tariffs and the poor," published by the Department of Energy in 1976.

The costs to be recovered through standing charges are fixed, of course, no matter how little or how much gas a customer consumes and it is obviously fairer to all users that they *should* be recovered in this way rather than through the commodity price. In fact, the level of standing charges has not been *sufficient to* achieve this and has been combined with a higher rate per therm for the first 52 therms consumed per quarter.

British Gas has been gradually adjusting its tariffs in line with that policy. Accordingly standing charges went up by £1 a quarter from April 1 to be followed by a similar rise in October. Like everyone else, British Gas faces higher costs in providing its service but these rises are also intended to ensure that the standing charges cover a *greater* proportion of the fixed costs. What Mr. Holden fails to mention is that at the same time the higher rate for the first 52 therms consumed has been abolished.

He did attempt to relate hypothetical future increases in standing charge to old-age pensions. It is more useful to look at the real record of gas prices compared with pensions, and not at just one element in the bill. Taking inflation into account — which Mr. Holden conveniently ignores — the proportion of a married couple's old-age pension spent on enough gas for a cooker and a main living room fire (330 therms) has fallen from 10 per cent in 1968 to under 5 per cent at present, including the latest increases in price.

Mr. Holden plays the percentages game in a particularly selective manner but it cannot obscure the fact that British Gas prices to domestic customers over a prolonged period of high inflation have gone up far less than the rate of inflation. For the ten years to 1979-1980 the average revenue per therm of gas sold to domestic customers went up 84 per cent compared with 213 per cent in the retail price index.

W. G. Jewers.
Rivermill House,
152, Grosvenor Road, SW1.

Them and us

From the President, British Constructional Steelwork Association

Sir,—May I support the views expressed (April 4) by Mr. Sandy Shand, president of the Federation of Civil Engineering Contractors, when he urges the Government to stand firm in response to current civil service pay demands.

Private industry requires of the Government that it will not bend in this matter and that it should know of substantial support throughout the private sector from labour and management alike.

Furthermore it is now time that traditionally anonymous civil servants should make their voices heard in favour of moderation. Senior members of the civil service should speak out publicly and not be afraid to demonstrate that there is a responsible leadership within the public sector.

Otherwise the general public may come to the conclusion that anonymity is being used as an excuse for support of the unrealistic claims that are being presented on behalf of the civil service in general and the senior members of it in particular.

The great divide in this country used to be between rich and poor—let the public sector ensure that *they do* not perpetuate the conflict between those employed by Government and the rest of us.

Brian Farmer.
92-96 Vauxhall Bridge Road, SW1.

Two-gallon drinkers

From the Chairman, South Church Working Men's Club, Bishop Auckland

Sir,—What an incestuous lot are the members of the anti-drinks lobby! The same old figures on the numbers of hard drinkers and alcoholics in this country go on a kind of deranged merry-go-round between the National Council on Alcoholism, some members of the medical profession, various "*researchers*," the Department of Health and Social Security, and now the grandly titled and self-appointed, the Office of Health Economics.

Where do they get their figures that there are 700,000 (or 750,000 as they sometimes state) people in this country who are problem drinkers? Where are the statistics which enable them to confidently assert that 150,000 people in this country are "alcohol dependent"?

We have searched the highways and byways of the established sources of statistical information and nowhere can we find the evidence for the quoted figures. Nor can we find *any evidence* that any reliable research work has taken place to ascertain the figures. Even the internationally recognised Toronto Addiction Research Foundation says that a mere 2.8 per cent of the British have a daily alcohol consumption of more than 6.3 fluid ounces which is the international *figure* for determining an alcoholic. Compare this with the awesome statement by the Office of Health Economics that everybody in Britain consumes an average of almost two gallons of pure alcohol per year. When did you last see your granny with a pint?

Think of a number of drinkers; estimate their consumption; add something for week-ends and holidays; double the figure and then impose an arbitrary figure for the numbers of people who must be drink-dependent seems to be about the sum total of the scientific methods used by the anti-drinks lobby.

We await with bated breath the next pronouncement on the alcoholic issue—what about one on the effects of alcohol on the pensioners of Leeds and Sheffield, or the reduction in Morecambe Bay shrimp fishing due to the increased number of pubs in the resort?

(Councillor) W. Neilson.
Bishop Auckland, Cleveland.

Channel Link

From Mr. A. Dalgleish.

Sir,—On April 4 you reported on the current British Steel-British Rail proposals for a Channel Link. You say that they now propose to build two lanes of the roadway first in order to generate enough revenue to pay for the rail link. Now, at last, it is publicly admitted that the immense revenues certain to accrue *from a road link* would be necessary to pay for the loss-making railway. What, therefore, is the reason for building the latter?

Angus Dalgleish,
Shouson Hill,
Ruxbury Road,
Chertsey.

Israel and the Lebanese tinderbox

From the Ambassador of Israel

Sir,—I was not entirely unprepared for your editorial—"*The Lebanese Tinderbox*" of April 7. We have had to live with the Financial Times' somewhat financial view of the Middle East for quite a while now. However, your latest commentary on the Lebanese situation cannot be allowed to pass without challenge.

For days on end Christian communities in the Lebanon have been *subjected to* a systematic Syrian rain of fire as merciless as only the Syrians are capable of and involving frightful losses to innocent men, women and children and all you have to say on this is to shunt responsibility in Israel's direction. In support of this contention you make several points:—

a) That "Mr. Menachem Begin's Government may also be trying to heighten the tensions for electoral reasons":

b) That "Israel has done nothing to promote the stability of the Lebanon nor helped its recreation as a coherent political entity":

c) That "Israel would prefer a fragmented Lebanon that cannot provide a northern flank for an Arab military front."

With all due respects I would suggest that this amounts to no less than libellous nonsense and for the following reasons:

a) The last thing in the world that any Government of Israel would ever wish to do on the eve of elections, or at any other time, is to deliberately seek to heighten tensions anywhere. Tensions can lead to war and the last thing in the world that would appeal to an Israeli electorate is the prospect of wasting precious young Israeli lives. It is by now common and open secret that Israel's Achilles heel is its profound concern for the lives of its young people. Our enemies, and particularly the Syrians, have known how to exploit this sensitivity on more than one occasion in the past. One would expect The Financial Times to be at least as mindful of this Israeli weakness as Israel's enemies so obviously are;

b) Of all the countries in the Middle East, Israel is probably the one which stands to gain most from the recreation of stability in the Lebanon. For only a stable Lebanon could become a candidate for peacemaking with Israel. Times were when Lebanon was considered the most likely candidate for peace with Israel. That Lebanon should not be able to play this role today is the result of its plunder by a Syrian occupation force of no less than 30,000 soldiers together with PLO terrorists who have converted Beirut into their headquarters and the southern part of the country into a base from which to wage terror against Israel. It is really asking a lot of Israel to expect of it to contribute to the "recreation" of Lebanon as a "coherent political entity" as long as the country continues to be highjacked by the Syrians and the PLO.

c) In saying that Israel would prefer a fragmented Lebanon you are in effect suggesting that Israel considers it in its interest to perpetuate a situation of constant tension and violence immediately across its northern border constantly threatening to overflow into Israeli territory. Israel's capacity for machinations in the pursuit of its interests may by now be legend. This however is beyond anything that even we could possibly come up with.

It is a sad commentary on the Financial Times and on our times in general that the Syrians who are presently showering Beirut and Zahle with everything from heavy artillery to ground-to-ground rockets should come only for what amounts to a condonement of their present brutal policy. "Syria," according to the Financial Times, "says she wants to preserve unity in the country, a task for which it received pan-Arab blessing." Elusive "pan-Arab blessing"—maybe. The blessing of the Christians of Beirut and Zahle—very doubtful. But then the plight of the Christians of Beirut and Zahle is not a major consideration given the enormous financial stakes involved in today's Middle East.

Shlomo Argov,
2, Palace Green, W8.

Today's Events

GENERAL

UK: Mr. Alexander Haig, U.S. Secretary of State, arrives in London from his Middle East tour for talks with Lord Carrington, UK Foreign Secretary.

Trades Union Congress conference on unemployment and working time.

Building and civil engineering pay talks resume.

Executive meeting of National *Union of Mineworkers*.

Mr. John Biffen, Trade Secretary, addresses British Leather Federation lunch, Hyde Park Hotel, London.

Mr. Tony Benn, MP, at American Chamber of Commerce lunch, Hilton International Hotel, London.

Fermanagh-South Tyrone by-election in Northern Ireland.

Sir David Orr, chairman of *Unilever, speaks on "Does the* EEC mean business" at Netherlands-British Chamber of Commerce 90th anniversary lunch, Carpenters Hall, Throgmorton Avenue, London, EC1.

Overseas: Two-day meeting opens in Geneva on African refugee problems.

European Parliament discusses lorry weight problems, Strasbourg.

President Cuijetin Mijatovic of Yugoslavia in Zambia on four-day State Visit.

PARLIAMENTARY BUSINESS

House of Commons: Debate on White Paper on Government's expenditure plans to 1983-84.

House of Lords: Matrimonial Homes (Family Protection) Bill, report stage. Debate on EEC Common Agricultural Policy and proposals for fixing agricultural prices.

Select Committees: Social Services: Subject: Medical education. Witnesses: Lord Annan; Committee of Vice-Chancellors *and Principals (10.30 am Room* 15). Agriculture. Subject: Animal welfare in poultry, pig and veal calf production. Witnesses: Ministry of Agriculture; Agricultural Research Council (11 am Room 16).

OFFICIAL STATISTICS

Central Government transactions (including borrowing *requirement) (March)*.

COMPANY MEETINGS

Alexanders Holdings, 185, St. Vincent Street, Glasgow, 12. Berisfords, Buglawton Park Recreation Centre, Congleton, 11. General Funds Investment Trust, Regis House, King William Street, EC, 12.30. Thomas Jourdan, 28, Frances Road, Windsor, 12. Portair, Estuary Road, King's Lynn, 11.30. Provident Financial, Norfolk Gardens Hotel, Bradford, 12.

Ford UK profits slump to £204m

THE recession has bitten deep into profits of Ford Motor Company of Britain for 1980, and Mr. Sam Toy, chairman, forecasts that the worst is not yet over.

Reporting pre-tax profits £182m lower at £204m, he says the year *began well and then* dramatically fel away. By the second half the company was making no profits on its operations.

Group sales for the 12 months fell from £3.19bn to £2.92bn, with the home market declining from £2.03bn to £1.97bn and overseas from £1.71bn to £957m. The value of exports from the UK dropped from £1.01bn to £852m.

Operating profit — coming entirely from the first six months—totalled £139m, compared with £329m. The pre-tax result included net interest income of £85m (£329m) and dividend income this time of £2m. Tax took £22m, against £89m.

On a CCA basis, profits before tax and gearing adjustment are shown at £158m. After tax and the gearing adjustment they *amounted to £134m.*

With the 1980 figures, Mr. Toy also announced plans to invest £1.41bn in the next four years. For the year under review *capital expenditure,* at £324m, was twice as high as for any period prior to the record £334m spent in 1979. Expenditure in the pipeline, either in the form *of committed contracts or authorised programmes,* has increased from £347m to £442m.

During the year shareholders' funds rose from £1.23bn to £1.5bn.

Walker and Homer recovers

Walker and Homer, upholstered furniture manufacturer, has returned to profit in the half year to January 31, 1981, with a taxable surplus of £42,480. This compares with losses of £169,150 for the comparable period and £819,755 for the whole of last year.

There is no tax charge this time. Earnings per 5p share are shown at 0.53p compared with a loss previously of 2.13p after a tax credit of £46,750.

SPAIN

April 8	Price %	+ or −
Banco Bilbao	294	
Banco Central	325	
Banco Exterior	262	+2
Banco Hispano	290	
Banco Ind. Cat.	125	−2
Banco Santander	308	−9
Banco Urquijo	181	−2
Banco Vizcaya	316	
Banco Zaragoza	225	
Dragados	143	+3
Espanola Zinc	75	
Fecsa	60	+1.3
Gal. Preciados	30	+0.5
Hidrola	65.5	−0.5
Iberduero	58.2	+2.7
Petroleos	95	+1
Petroliber	70	
Sogefisa	85	
Telefonica	60.7	−0.3
Union Elect.	64.5	−0.5

Much sounder basis for BICC cable operations

BICC's cable business had been put on a much sounder basis, as a result of management action in recent years, Sir *Raymond Pennock, the group's* chairman, said yesterday. Unveiling the preliminary figures for 1980, he said that the cables side was now in a position "to take on a tough 1981, not just in the UK but worldwide."

Sir Raymond said that despite the uncertain economic conditions in the UK, the relative strength of the BICC group and in particular its overseas spread and export markets should enable it to continue to make satisfactory progress.

As estimated three weeks ago at the time of a share placing, BICC's profits for 1980 rose by 14 per cent to £74.6m. Current cost profits are £55.1m pre-tax, compared with an adjusted £31m, and the current cost cover for the dividend payment of 9.43p per share is put at 1.5 times. The previous year's dividend of 8.57p is shown to be covered 0.5 times on the same basis.

Discussing the improvement in the cables business, where historic cost profits rose from £10m to £17.4m pre-tax, Sir Raymond said there had been three main areas of attack. There had been a major drive to improve productivity, with the number of employees in the UK reduced by about 13 per cent over the last 15 months. The "helpful and sensible" attitude of employees had played a big part in removing a number of restrictive practices, and added value per man in the UK was now comparable with the rest of the group'

In addition, the group had made sure that higher costs were reflected in prices, and had undertaken a major push on overseas sales. Exports for the group increased by 28 per cent and cable export orders were 45 per cent higher thanks in part of the more competitive base in the UK.

Elsewhere in the business, Balfour Beatty's profit margin had been squeezed, but the orders position remained sound. Mr. D. A. Holland, a main board director, said that following the unsuccessful approach to Higgs and Hill, Balfour Beatty was actively looking for an opportunity to fill in a gap in its construction business in the south of England.

Profits on the industrial products division had recovered from a low base, but, Sir Raymond said: "We are by no means satisfied with it yet." The international side had held up well despite an adverse swing of £9m arising from movements in the copper price. Australia, the biggest overseas company, was expected to make further progress in 1981.

Sales for 1980 climbed 15 per cent to £1.36bn, with exports showing a 28 per cent rise to £243.5m. A breakdown of sales and pre-tax profits shows respectively: Balfour Beatty £382.1m (£328.1m) and £12.1m (£14.7m): BICC Cables £448.5m (£409.7m) and £17.4m (£10m); BICC Industrial Products £157.5m (£138.3m) and £5.3m (£3.7m): *and* BICC International £424.4m (£362m) and £39.8m (£37.2m). Inter-group trading accounted for £47.7m (£48.2m) of sales.

Operating profits were up 13 per cent to £86.6m, before finance charges of £12m (£11.2m). Tax charge rose slightly from £28.4m to £28.6m and after minorities and preference dividends, profits attributable to ordinary holders were £36.2m (£27.4m).

Special tax credit, in respect of the release of provision for deferred tax relating to prior *year's UK stock relief, increased* from £4.6m to £10.6m and there was an extraordinary debit of £3.5m this time. Stated earnings per 50p share, before these items, rose 29 per cent to 23.6p (18.3p).

At the year end, debt/equity ratio stood at 35 per cent (46 per cent).

See Lex, Back Page

London Brick down by £2m

SECOND-HALF profits London Brick Company dive from £9.67m to £3.54m in 198 pushing back the total taxab surplus for the year to £10.74 against £12.74m.

At the halfway stage profi had jumped from £3.07m t £7.2m, but directors warne then that building was sufferin acutely from the effects of th general recession and was u likely to experience an uptur until interest rates came dow

Sales eased from £124.8m t £123.87m in 1980. The profit wa struck after depreciation £2.81m (£2.59m) and interes charges of £1.84m (£1.7m), b benefited from higher inves ment income of £2.05m again £1.21m. The 1979 profit wa also struck after associat *losses of £50,000.*

A tax credit of £986,0 against a charge of £5.13 leaves the net surplus ahead £11.73m compared with £7.61m *and after an extraordinary deb* of £1.09m (£2.08m credit) th attributable profit emerge almost £1m up at £10.64 (£9.69m).

The dividend is maintained a 4.3662p net with a same-aga final of 2.622p and, with the pre ference distribution of £22,0 (same) absorbs £2.7m (£2.63m) The retained surplus is £7.94 (£7.06m).

● comment

With brick deliveries down b about a third in the second hal London Brick has done well hold its pre-tax decline to per cent though presumabl there is some benefit from sto profits. The brick stockpile h risen over the year fro virtually nothing to 15 wee supply, a level which the co pany has not been prepared see exceeded. *With the closur* of the Ridgmont works ne month—equivalent to 16 per ce of total capacity—LB should able to go back to five-day wor *ing in the second half,* althoug there is unlikely to be much a dent in the stockpile befo 1982. So shareholders will hav to wait till next year for *improvement in profits. Mea* while, the balance sheet remai in good shape and the mai tained dividend is near covered in current cost term *The shares rose 6p yesterday* 81p, where the yield is abo 8 per cent.

Christies advances and pays 7p

TAXABLE profits of auctioneer Christies International went ahead from £6.05m to a record £7.04m during 1980, and the directors are increasing the dividend by 1p to 7p net with a final of 5p.

Mr. J. A. Floyd, the chairman, says the international art market remains buoyant and immediate sale prospects appear good. However, he warns that the 1980 results exceeded expectations and may well be difficult to match in the current year.

Auction sales rose by 29 per cent to £162m and turnover, comprising commission and premium, valuation fees, catalogues and sale of graphics and print, went ahead to £30.97m (£24.85m).

Sales of the New York operation jumped from $70m to $130m in 1980.

The year's profit includes interest receivable of £822,000 (£661,000) and was struck after exchange losses of £395,000 (£106,000). After tax of £3.84m (£3.03m) and minorities of £81,000 (£39,000) there is an extraordinary debit this time of £114,000, comprising the £257,000 premium on acquisition of a business less stock relief of £143,000.

Dividends absorb £1.43m (£1.23m) to leave retained profits lower at £1.57m (£1.75m). Earnings per 10p share are shown as 15.22p (14.53p).

The directors say the group has no net borrowings and because, in the nature of its business, creditors effectively balance debtors and stock balances, the accounts comply with SSAP16 on current cost accounting.

● comment

A 29 per cent rise in auction sales has been translated into a 20 per cent boost to Christie's trading profit. Most of the sales growth came from the U.S. with an impressive 85 per cent rise for the year in dollar terms. Unfortunately margins in the U.S., which now accounts for about a third of the group's business, are slimmer than in the UK as the sales season is shorter and competition among *auction houses fiercer. The* figures also reflect a small first time contribution from Japan. Christies remains cautious about prospects despite buoyant sales *and expects a small shortfall on* last year's interim pre-tax profits of £3.7m, which were boosted by the U.S. sale of the Henry Ford II collection. The shares were unchanged at 236p, a new high for the year, where they yield 4.2 per cent. The p/e fully-taxed, is 14.5.

HIGHLIGHTS

Lex looks briefly at the further surge in the equity market yesterday and then moves on to a number of the major company stories of the day. BICC confirms its profits advance and indicates further progress for the current year. Ford UK has continued to expand its cash resources despite more difficult tax positions. In the mail order sector Grattan pleased the market with its final dividend and promise of some growth in profits in the coming year. But Grattan's sales are well down and trading has been little better at rival **Empire Stores**, although this company is weathering the slump better than Grattan and has maintained its dividend payout. Elsewhere Glynwed has cut its dividend even though the decline in profits has been held to 14 per cent for the year. On the inside pages there is news of three rights issues and a fair number of large companies reporting their figures including **London Brick, Gill and Duffus, Christies and Portals.** On the bids and deals front the latest management buy out comes at **Federated Land** where the vice-chairman *is taking out the housebuilding activities.*

Dispute over assets of Norton Warburg

A BATTLE is developing between the creditors and shareholders of **Norton Warburg** over who has prior claim on assets realisable by the group's liquidators.

When five Norton Warburg companies were put into liquidation last February with an estimated deficiency of £4.6m, *investigating accountants* Robson Rhodes and Cork Gully estimated that £827,000, one-sixth of book value, would be realised.

The centre of the controversy is the validity, or otherwise, of a debenture issued by Norton Warburg Holdings on July 29, 1980 to Norton Warburg Group, its parent. The debenture was intended to cover all money that might pass from the Group to Holdings.

If valid, the debenture would give shareholders of Norton Warburg Group, including directors and leading financial institutions such as Save and Prosper and Scottish Amicable, a prior claim on realised funds over creditors of Holdings, including many investment clients.

Mr. ames Clement, senior partner of Robson Rhodes and joint liquidator of Holdings said yesterday, "I would like to make it clear that the Norton Warburg Holdings' liquidators do not recognise the validity of the debenture and will by all available means resist the application." He declined to specify the means but unless the current dispute can be settled out of court, litigation is likely.

Mr. Clement said part of the money purported to be secured by the debenture was advanced before the debenture was issued at a time when the directors of both companies knew that Norton Warburg was insolvent.

As for the rest of the intergroup debt, he said "the debenture was part of an unlawful plan made at the time of insolvency which, contrary to the whole basis of company law and equity, could result in the shareholders, including the directors who were responsible for the plan, being preferred to the creditors, the great majority of whom were and are investment clients, a large part of whose funds the directors themselves had improperly used."

In addition, Mr. Clement said, "the money paid by Norton Warburg Group to Norton Warburg Holdings represents amounts subscribed by investors on the strength of placing particulars dated July 29, 1980, which make no mention of the debenture and it is quite clear that the money so subscribed was intended to be risk or equity capital."

Anderson's Rubber

THE RECEIVERS have been called in at Anderson's Rubber Company, the protective cloth*ing manufacturer whose shares* were suspended at the company's request last Thursday.

Trading is continuing and an early disposal of the business *is being sought. A number of* inquiries have already been received, the receivers said.

Sterling seeks to raise a further £2m

Sterling Credit, the troubled finance and insurance group, is raising £1.98m by way of a rights issue of 34.4m new "A" ordinary 1p shares at 6p a share to shareholders on the record on April 9.

The issue, the group's third money-raising effort since last October, is on the basis of one new share for every two ordinary or "A" ordinary shares held and 9 new shares for each £1 8 per cent convertible redeemable cumulative preference share.

The company also published its report and accounts for the nine months ended on December 31, 1980 showing a pre-tax loss of £1.48m following a loss of [illegible]2,000 in the year to March 31, 1980. Attributable loss in the nine month period to December was £2.7m, bringing accumulated losses to £3.2m.

A pro-forma balance sheet at December 31, 1980 reflecting the £1.29m proceeds of a placing of preference shares in February and the current rights issue shows shareholders' funds of £3m and long-term debt of £0.75m. Net assets are £4m, including £0.7m in goodwill. Cash balances are £2.6m and there are no bank borrowings.

The directors state that they have enough working capital for the company's present needs without the rights issue but the proceeds will raise confidence and enable it to meet the demand for its lending activities.

The directors and certain other shareholders holding in *aggregate 48.3 per cent of the* "A" ordinary shares, 13.8 per cent of the ordinary shares and 8 per cent of the preference shares have agreed to take up *their rights to 10.4m new* shares. Scottish General Holdings, a company controlled by Mr. J. N. Oppenheim, the managing director, is underwriting the balance.

The issue is subject to approval of various enabling resolutions at an EGM on May 5.

● comment

Shareholders of Sterling Credit who have hung on through the reorganisation of the past six months will probably be relieved to read the chairman's statement *that no further issues of share* capital for cash in the foreseeable future are intended. However, they should also be pleased that the company has a clean report *from its auditors, a strong* balance sheet, and a fighting chance of returning to profit in the current year. The reorganised group consists of consumer finance and insurance broking divisions of almost equal size and the consumer finance division, in particular, should benefit from the resumed availability of funds.

Dowding & Mills slides

Pre-tax profits of **Dowding and Mills**, electrical and mechanical engineer, declined from £997,013 to £652,332 for the half year to end December 1980 on increased turnover of £8.35m (£7.03m).

The directors proposed a maintained interim dividend of 0.7p, and there was a reduced tax charge of £297,000 (£430,000).

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Aurora	nil	—	4.61	1.55	6.16
BICC	6.4	May 22	5.82	9.43	8.57
Bifurcated Eng.	0.35	May 22	2.35	1.5	3.5
Christies	5	May 28	4.25	7	6
Dorada Holdings	nil	—	3.37	2.1	5.47
Dowding and Mills . int.	0.7	May 21	0.7	—	1.65
Empire Stores	2.7	July 1	2.7	5.1	5.1
Forward Technology	2.3	May 29	2.7	7.9‡	4.7
Gill and Duffus	4.8	July 1	4	8.4	7
Glynwed	4.9	July 2	6.7	7.35	9.15
Grattan Warehouses	2.25	—	4.43	4.12	6.29
Greenbank Industrial	0.9	May 22	0.74	1.35	1.34
Higgs and Hill	2.8	June 11	1.95	4.8	3.85
S. Jerome and Sons	2.52	May 27	2.68	3.52	3.2
Lec Refrigeration	4.07	May 23	2.35	5.55	3.7
London Brick	2.63	July 3	2.63	4.37	4.37
N. Atlantic Lec. Cr. int.	1.75	May 29	1.75	—	4.8
Peters Stores	1.5	June 1	1.5	—	3.5
Photo-Me int.	3.15	May 15	3.15	—	9.45
Portals	7.5	July 1	6.75	12.25	11
Royal Worcester	5.7	May 14	5.7	8.6	8.6
Senior Engineering	0.75	June 1	0.75	1.5	1.5
A. G. Stanley	1.5	May 22	1.5	2.5	2.5
Henry Sykes	nil	—	2.5	nil	4
Yorkshire Chemicals	nil	—	2.45	nil	4.85

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital *increased by rights and/or acquisition issues. ‡ For 18 months.*

Forward Tech. Inds. £2.9m for 18 months

FOR THE 18 months to the end of 1980 **Forward Technology Industries**, electronics, specialised machinery and plastic products manufacturer, turned in a pre-tax surplus of £2.91m. After the *first 12 months of the period*, there was a profit of £2.32m, compared with £2.1m for the previous year.

Total profits for the current *year should be satisfactory*, says Mr. Gordon Allen, the chairman, and will benefit from lower interest rates and cost reductions made last year and in the early part of 1981.

The first six months will continue at low level of activity, he adds, due to a lack of orders resulting from the abrupt standstill in the UK economy last summer. But the first-half shortfall should be recouped in the remainder of the year and the outlook for 1982 is considerably better.

After tax of £486,000 (£546,000), minorities of £135,000 (£47,000), and extraordinary debits of £522,000 *(£214,000)* relating to reorganisation costs, the attributable surplus emerged at £1.77m (£1.29m).

A third and final dividend of 2.3p lifts the net total for the period to 7.9p against 4.7p.

Annualised earnings per 25p share are shown as 9.3p against 9.2p.

● comment

On an annualised basis, Forward Technology's pre-tax profits declined nearly 8 *per cent*. The company has shown healthy growth in the past, but with two-thirds of its profits derived from electronics, it is now *wrestling* with the same cyclical problems as the rest of the sector. The plastic packaging business made a £170,000 loss during the past six months and remains in the red currently. The reorganisation costs in graphic arts also trimmed the surplus. But sound reproductions and the mainstream electronics business is doing reasonably well. The group has shed 200 staff in the past year and has reduced its gearing from 73 per cent to 63 per cent. It is continuing to develop the overseas business, a useful hedge against the UK economy. The company's shares, at 130p, are trading on a fully taxed p/e way up in the 20s. Given the lacklustre six-month outlook, shareholders might now look to late-1981 or 1982 for real progress; on recent *earnings the shares are pricy.*

Glynwed slips £2.5m—cuts payment

A SECOND HALF fall from £10.04m to £7.11m has resulted in pre-tax profits of Glynwed decreasing from £18.68m to *£16.13m* in the 52 weeks to December 27, 1980. Turnover of this manufacturer of engineering and building products, steel stockholder and distributor, rose from £345.52m to £356.17m. The total net dividend is cut from 9.15p to 7.35p with a lower final of 4.9p compared with 6.7p.

The pre-tax figure was struck after interest charges up from £4.7m to £6.07m.

Trading profit was £22.06m (£23.3m) with associates' share being *£134,000 (£80,000)*. After tax down from £5.54m to £4.26m, stated earnings per 25p share are 16.21p net (19.33p) and 19.91p (19.33p) on a nil distribution basis.

Minorities took £1.22m (£452,000) and extraordinary items accounted for £2.25m (£1.53m), leaving group profits down from £11.15m to £8.41m. Dividends absorb £4.8m (£5.97m).

Analysis of turnover and trading profit by division: UK operations—building and consumer products, £111.11m (£117.36m) and £5.8m (£9.1m); steel and engineering, £78.88m (£87.88m) and £4.91m (£7.36m); stockholding and distribution, £73.75m (£81.22m) and £1.33m (£3.74m); other divisions and trading companies, £8.4m (£9.02m) and £57,000 (loss £512,000).

Overseas operations — *household and industrial appliances*, £70.6m (£45.91m) and £8.49m (£3.2m); steel and engineering, £13.44m (£4.13m) and £1.48m (£426,000).

Historical pre-tax profits are reduced to £10.5m on a CCA basis.

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Aurora second half loss: final omitted

Aurora Holdings incurred a loss in the second half of 1980, reflecting the severe recession in the engineering industry.

With interest taking £2.64m more at £6.41m, pre-tax profits of this general and precision engineer fell by £1.97m to £1.83m *for the 12 months*, following a decline from £2.61m to £2.06m at midterm.

At that time the directors warned that second half results were unlikely to match those of the first, and warned that the amount of final dividend would depend on the year-end profit performance. In the event the *final dividend is* being passed leaving the interim payment of 1.55p net to stand against last year's total of 6.16p.

The directors now report that the second half of the year showed a significant decline in business which has continued into 1981. Nevertheless there are some signs of a slight improvement in inquiries and order intake. This upturn will be too late to enhance prospects for the current year but if the more stable outlook envisaged for 1982 is realised then cost-cutting and other measures taken will show through in better results.

For 1980 turnover showed a £32.9m advance at £136.38m and trading profits rose from £7.57m to £8.24m. *Tax* for the year took £535,000 (£1.22m) and earnings per 25p *share fell 11.3p to 2.6p.*

Rationalisation resulted in a reduction of the workforce from *7,500 to 5,300. The total extraordinary* costs thereby incurred have been reduced by the release of £4.1m from consolidation reserves relating to businesses sold or closed.

In spite of these heavy costs, borrowings at the year end were reduced by over £5m, and gearing stands at the same level as last year.

On a CCA *basis the company* incurred a pre-tax loss of £609,000. The balance sheet at December 31, 1980 showed shareholders' funds at £21.68m (£26.76m).

● comment

Aurora has done better than most engineering *groups at the* trading level with price cutting ensuring sales growth. But for a company as highly geared as Aurora—borrowings are 93 per cent of shareholders funds—high interest rates have predictably clobbered earnings. Income gearing was a very uncomfortable 78 per cent. Additional pressure came from the strength of sterling as about 25 per cent of earnings derive from overseas. Currency losses for the year are estimated at £209,000 as against £68,000 last year. Aurora has *responded by cutting* staff, reducing its steel factories by four to two, cutting its inventories by £4m (mostly on the engineering side) and selling off *surplus properties. These steps* have enabled it to halve overdrafts which now stand at £4.3m. A further £2m or so of property will be sold this year and cash *flow will be helped by Govern*ment and EEC loans of around £2m. The shares have benefited from the recent general re-rating of engineering companies and added a further 4p on the results to close at 34p. Although the order book has improved marginally since the dog days of last winter it is still well down on *last year. The shares*, now at a 66 per cent discount to net assets, yield 6.5 per cent.

Bifurcated dives into £0.15m loss

IN 1980, Aylesbury-based **Bifurcated Engineering** suffered a marked decline from a pre-tax profit of £1.42m to a loss of £148,000. The result was struck after redundancy costs of £221,000 arising from considerable reductions in the workforce, *and after almost trebled interest* charges of £377,000. On a CCA basis, the loss was £1m.

The final dividend is being cut from 2.35p to 0.35p leaving the year's total 2p lower at 1.5p per share.

At half time, the group, which is engaged in the manufacture and distribution of rivets and other cold formed products, parts feeding and packaging equipment, reported a fall in taxable profit to £478,000 (£819,000).

After a reasonable first quarter, demand for cold forgings started to decline and this trend continued for the rest *of the year, Mr. J. M. A.* Paterson, the chairman, states. However, sales of parts feeding and packaging equipment were maintained.

The profitability of export sales has been drastically affected by the high level of sterling, but every effort is being made to maintain the company's presence in overseas markets.

The chairman says there are signs that the level of incoming orders has now stabilised, although there is no indication of any significant upturn. For this reason, he explains that it is too early to give any estimate of prospects for the current year.

Group turnover for 1980 showed a £1m rise to £15.85m. There was a tax credit of £332,000 (£357,000 charge offset by £301,000 exceptional release) resulting in a net profit of £184,000, compared with £1.06m. After an extraordinary debit of £65,000 this time, the attributable balance was £119,000.

Dividends cost £116,000 (£264,000) leaving a retained profit of £3,000, against £796,000.

Stated earnings per 25p share were 2.4p before extraordinary items, against 10.08p in 1979 before the exceptional release.

Portals profit up 9% despite poor UK performance

PROFIT before tax of **Portals Holdings**, liquid and water treatment engineer, security paper manufacturer and property owner, increased by 9 per cent in 1980 from £11m to £12.03m, on turnover up 26 per cent at £126.53m compared with £100.62m.

At the half year stage the company made a pre-tax profit of £4.97m (£4.51m) on sales of £60.35m (£44.13m).

The directors have recommended a final dividend of 7.5p (6.75p) per 25p share making a total for the year of 12.25p (11p).

They say the group started the year with reasonably good order books, and that there was some uncertainty in the middle months followed by a strong finish.

However, the UK market got steadily more difficult, leaving overseas markets to provide the orders the group needed to achieve a *satisfactory* result.

Commenting on the current year, they say the group will continue to fight for orders abroad to make up for the lack of business in the UK.

"We completed earlier this year a successful rights issue of £9m which is designed to complete the finance required for *our U.S. paper-making project* which is currently under construction, and to widen our capital base."

The breakdown of the pre-tax profit by *activities is as follows*: paper-making £6.58m (£5.63m), water treatment and engineering £5.34m (£5.16), and property £1.03m (£960,000).

Sales in the papermaking division were up 21 per cent to £35.3m. Demand for security paper products has continued the directors say. However, the high international value of sterling has had some adverse effect which has been mitigated in part by the fact that the company imports a lot of its raw materials.

Tax for the year took £2.17m (£4.82m) and there was an extraordinary item of £2.63m (£609,000) which included a deferred tax credit of £3.51m (£1.16m) and goodwill write-offs in respect of an acquisition by the water treatment and engineering division. Minority interests were £58,000 (£35,000). The amount attributable emerged at £12.44m (£6.75m).

Preference dividends took £32,000 (same) and ordinary dividends absorbed £2.23m (£1.99m), leaving a retained balance of £10.2m (£4.74m).

The stated earnings per share emerged 60 per cent higher at *54.16p (33.87p)*. On a *current* cost basis pre-tax profit was £9.55m.

● comment

The shares of **Portals** *have risen* nearly two thirds in value in the past year to 448p, unchanged yesterday, and the fully taxed rating has jumped from about *9 to more than 15; the latter* figure assuming *full* conversion of the recent successful rights issue of £9m in convertible loan stock. This upgrading reflects a *fairly remarkable* growth record by the security paper-making and engineering company. Pre-tax profits grew by more than 10 per cent a year between 1975 and 1979 and advanced an impressive 9 per cent last year despite the UK recession. Papermaking profit margins have held up well and the water treatment plant contracting business actually improved its margins in the second half. Overall, UK profits are flat but elsewhere growth has been steady with a particularly strong contribution from Nigerian water treatment contracts. The outlook is for another year of relatively modest progress as no improvement can yet be seen in the UK. The dividend is covered more than four times by current cost earnings and yield 3.9 per cent. Assets on a CCA basis are about 320p a share.

Photo-Me up at half time

PRE-TAX *profit* of **Photo-Me International** for the half year to October 30, 1980, increased marginally from £1.43m to £1.48m, on turnover up from *£13.11m to £13.23m.*

The interim dividend is held at 3.15p net per 50p share. In the year to April 30, 1980 this manufacturer and operator of automatic photographic vending machines, paid a total of 9.45p.

The depreciation charge for the six months was £765,000 (£669,000) and tax took £734,000 (£721,000). Minority interests came out at £219,000 (£228,000), and the net attributable amount was £526,000 (£481,000). The stated earnings per share emerged at 25.05p (22.9p).

Marginal increase at Senior

THE SEVERE UK *recession* progressively affected the performance of **Senior Engineering Group** which ended 1980 with a marginal increase *in pre-tax profits of £21,000* to £5.09m.

After the first six months, group profits had risen from £2.42m to £3.03m, but the directors say *difficult* trading conditions in the final quarter restricted further growth.

The directors have proposed a maintained final dividend of 0.75p, making a net total payment for the year of 1.5p (same). Earnings per 10p share improved from 6.82p to 6.85p before tax or from 4.93p to 5.31p after.

Group turnover, which increased from £60.91m to £70.06m, included a substantial rise of £5.9m to £9.3m in the sales of overseas subsidiaries. The board points out that last year's results included for the first time a full year's trading of the Boiler Tube Company of America which was acquired in November, 1979.

In the UK, the early months of 1981 have carried on where 1980 left off and the group, which trades in engineering products, is only marginally *profitable, say the directors.*

"Margins remain under severe pressure, particularly from cheap imports, but there are some signs that destocking *has ended and demand is show*ing some small recovery."

They believe a wide spread of interests in the UK and overseas will help the group weather the storm and they will continue a "positive attitude towards the initiation of new activities."

Most group companies are operating with significantly reduced order backlogs, except Henry Hargreaves and Sons, which has a good demand *for* the second half year.

The pre-tax surplus was after increased interest charges of £628,000 (£104,000) and an exceptional debit of £299,000 (£25,000) for rationalisation and redundancy costs.

Tax took £1.15m (£1.4m) and minority interests £1,000 (£2,000). After dividend payments of £1.11m (same), the retained balance was £2.83m (£2.55m).

On a current cost basis, the pre-tax surplus was reduced to £3.42m.

A. G. Stanley falls to £2.22m

TAXABLE profits of **A. G. Stanley Holdings**, the UK's largest paint and wallpaper retail group, fell from £2.98m to £2.22m for the year to December 27, 1980, in spite of record sales of £50.4m (£38.24m).

The worst trading conditions yet encountered and heavy price cutting in the DIY market depressed the performance of the group, which after the first six months returned a reduced profit *of* £808,000 (£1.24m).

Improved margins in the second half were insufficient to *make up ground lost in the first half.*

But the directors are recommending a maintained final dividend of 1.5p per 5p share, making a net total payment for the year of 2.5p (same).

The pre-tax surplus included other income of £456,440 (£449,007). Tax took £267,261 *(£167,367), minority interests* were nil (£15,439) and there was an extraordinary deduction of £82,569 (£1m), leaving an attributable balance of £1.89m *(£1.8m).*

Retained profits increased from £1.3m to £1.36m and stated earnings per share emerged at 7.71p (11.38p).

● comment

After years of growth, A. G. Stanley is now having to battle it out in the paint and wallpaper market as never before. Last year's first half was not good and even a pick-up in the autumn did not stave off a 30.5 per cent decline in trading profits. The 13 "Mr. Stanley" outlets made a loss of £100,000 last year, largely through start-up costs. The group closed 23 *Berger stores, 15 Morris and* Blakey outlets and four branches of "Fads." This means that despite an increase in overall selling space from 595,000 square feet to 624,000 square feet, the number of outlets was down to 233 at the year end. This year will bring more *closures: the group has already* opened four and closed eight shops in three months of 1981. So far the business is 8 per cent above its budget, but the 1981 pre-tax profit might not be much more than £2.5m — it could be 1982 before Stanley returns to its 1979 level. The shares at 79p yield 4.6 per cent and on an historic multiple of 18.4 fully taxed are maintaining faith in the recovery prospects.

Greenbank down at year-end

ON TURNOVER marginally lower at £11.8m, compared with *£11.93m, 1980 profits* of **Greenbank Industrial Holdings**, engineer and property developer, slipped at the pre-tax level from £2.09m to £1.63m. At the interim stage they had fallen by £387,959 to £453,098.

The dividend is increased fractionally from 1.34p to 1.35p net per 10p share with a final of 0.9p (0.74p).

The surplus for the year was after depreciation of £244,392 (£198,392), interest charges of £51,344 (£54,084) and investment income of £151,477 (£182,714). Last time's figure included a profit on the sale of short-term investments of £70,206, against nil this time.

Tax was lower at £748,526 (£1.05m) after which stated earnings per share showed a fall from 4.15p to 3.49p.

Extraordinary debits amounted to £476,439, (£93,144) and deferred tax released was £446,500 (nil).

On current cost accounting the pre-tax surplus is reduced to £1.2m.

No payout deepens Dorada gloom

FIGURES described by Mr. Thomas Kenny, the chairman, as "awful" are reported by **Dorada** for 1980. There is a pre-tax loss of £1.35m compared with profits of £1.92m. No final dividend is being paid. Turnover fell from £75.26m to £67.95m.

Mr. Kennedy says the company which is a motor vehicle *distributor*, engineer and merchant, is still losing money, but at a reduced scale. The interim figures to June, he says, will show a loss. "Beyond that, it would be reckless to express a view."

During the year extraordinary costs totalling £2.03m were incurred. These covered the closure of two businesses in the motor division (£1.28m) and reorganisation and closure costs in the engineering division amounting to £747,549.

Mr. Kenny says trading conditions in the third and fourth quarters deteriorated rapidly to unthought-of-levels. "It is no consolation that many of our con*temporaries are experiencing the* same problems," he says. There was a trading loss of £1.14m compared with a profit of £1.85m in the previous year.

For the past two years the Board has detected a significant decline in PSV trading, *especially* in second-hand values. It was then decided to withdraw from this sector. The losses on used vehicles were serious, but the expected *future* trading losses would have been worse.

Commenting on the omission of a final dividend—an interim of 2.1p was paid—Mr. Kenny says it is the first time in 10 years that the group has had to reduce total payments. Last year's total was 5.47p.

There was a tax credit this time of £19,553 (charge £76,932) and after extraordinary items and dividends, £230,861 against £521,577, there was a net deficit *of £3.6m (£1.48m surplus).*

There was a net loss per 25p share of 13.2p (22.3p earnings). The CCA loss before tax and extraordinary items was £1.82m, *and the net loss per share on* this basis was 17.6p.

Loss for Sykes: no payout

On turnover higher at £22.22m, against £20.88m, industrial pump *manufacturer* **Henry Sykes** plunged into the red for the 12 months to December 28, 1980, incurring a pre-tax loss of £1.28m, compared with a surplus of £279,000. At mid-year, profits had fallen from £575,000 to £142,000.

There is no dividend for the year—last time an interim of 1.5p was followed by a final of 2.5p.

The chairman says that from April onwards, and in common *with nearly all engineering com*panies, 1980 was the most difficult postwar year for the company. However, he adds that the company has a thriving export trade and when business improves in the UK it will be ready to prosper again.

The surplus was struck after interest charges of £899,000 (£594,000) and exceptional charges of £447,000 (£188,000).

There was a tax credit of £684,000 (£66,000 charge), leaving a loss per 25p share of 7p (2.4p earnings).

After an extraordinary debit of £139,000 there was an attributable loss of £734,000 (£213,000 *profit*).

On a CCA basis the pre-tax loss is increased to £2.2m.

MINING NEWS

Sir Roderick cools the Ashton diamond fever

BY KENNETH MARSTON, MINING EDITOR

SOME CAUTION regarding the intriguing Ashton diamond prospect in Western Australia comes from the consortium leader, CRA. In the latter's annual report the chairman, Sir Roderick Carnegie, repeats that the average value of Ashton diamonds is low by world standards but he adds that steady progress towards entering the diamond business is being made.

Our Sydney correspondent reports that Sir Roderick said that a greater understanding was being gained about the shape and structure of the diamond-bearing "pipe" at the Argyle section. It appeared, he said, that the pipe could be a diamond resource of world significance.

"Unfortunately," he added, "the quality and average value of diamonds is low by world standards and the economics of development and marketing will require careful consideration." He confirmed that a decision to mine the deposit had not yet been made but, clearly, this is not meant to indicate a negative decision.

CRA and its partners—Ashton Mining and Northern Mining—are well on the road towards mining the deposits. According to CRA the tenor of the annual report is intended to lower expectations of the venture and put it into perspective after the inevitable "blue sky" hopes engendered in sharemarket and other outside circles.

CRA's annual report also points out that the only diamond deposits at Ashton effectively assessed so far are the Upper Smoke Creek alluvials. They are estimated to contain some A$82m (£43.5m) worth of diamonds of which only 15 per cent are of gem quality and come into the lower end of the market.

CRA, which has always taken a conservative approach to the Ashton find, has earlier warned that the high proportion of industrial quality stones could limit marketability and the size of a mining operation. But outside observers remain enthusiastic. Meanwhile, a more full report on the progress of the venture is expected soon.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. *Such meetings are usually* held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals.

TODAY

Finals: Associated Book Publishers, Blackwood Hodge, Bowater, Bowthorpe, Clarke Nickolls and Coombs, Dhami, Feb International, General and Commercial Investment Trust, General Investors and Trustees, *Green's Economiser*, Lead Industries, F. J. C. Lilley, Midland Industries, Morgan Crucible, Ruberoid, Stewart Wrightson, Taylor Woodrow, Ward White, Watts Blake Bearne, George Wills.

FUTURE DATES

Interims—	
Devenish (J. A.)	*Apr. 29*
Free State Geduld Mines	Apr. 23
Pleasurama	May 19
President Brand Gold Mining	Apr. 23
President Steyn Gold Mining	Apr. 23
Welkom Gold Mining	Apr. 23
Western Holdings	Apr. 23
Finals—	
Assocd. Biscuit Manufacturers	Apr. 14
Hallam Sleigh and Cheston	Apr. 14
Laird Group	Apr. 11
Milletts Leisure Shops	*May 6*
Montagu Boston Invest. Trust	Apr. 10
Northern Engineering Industs.	Apr. 14
Owen Owen	Apr. 23
Triplevest	Apr. 10
United Carriers	Apr. 15

Amax still sees a good year

AMERICA'S diversified natural resources group, Amax, which is currently resisting a share and cash bid approach from Standard Oil Company of California (Socal) valued at a world record of nearly $4bn (£1.8bn), still anticipates a "great year" in 1981 despite the current economic down-turn.

In London yesterday Mr. Arthur Reef, *a senior vice-president* of Amax, qualified his view of the company's 1981 outlook by saying that earnings were unlikely to match the 1980 record of $470.4m (£216.9m) but they should still be around those of 1979 which was the company's second most successful year.

He was banking on a better second-half 1981 making up for what could be a mediocre first half. He did not expect much cheer in the results for the first quarter of this year which are due shortly.

Meanwhile there is little to report on the progress of the Socal bid. This is still the subject of an inquiry from the U.S. anti-trust authorities and *it is not known when the latter* will announce their findings.

Nor is it clear whether Socal might be prepared to raise the bid and the impression remains that the oil company prefers agreement, rather than confrontation, with Amax.

Mr. Reef said that the proposed setting up of an Australian-registered company to hold the Amax assets Down-Under, notably the stake in the big Mount Newman iron-ore operation, was hoped to be completed within six to nine months.

It could become, he said, one of the major natural resource *companies in Australia with a* capitalisation of from A$600m to A$800m (£319m to £425m). The idea is that it should be 49 per cent-owned by Amax with the remaining 51 per cent represented by Australian capital in line with that country's foreign investment guidelines.

What remains to be seen, is whether Australian capital is able, or willing, to enter this and the other natural resource *investment opportunities offered* by overseas interests. However, the offer is there and Amax may thus feel free to expand in Australia, "a marvellous opportunity for investment," by leaving the door open for domestic capital to participate.

Indeed, Mr. Reef said that the new company might be in a position to make up for the investment opportunities that had been missed by Amax in the *past ten years.*

LONDON TRADED OPTIONS

(April 8 Total contracts 1097)

Option	Exercise price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP	330	46	3	—	—	—	—	372p
BP	360	16	6	42	30	52	20	"
BP	390	5	10	21	25	34	—	"
BP	420	½	20	11	11	20	—	"
BP	460	½	—	5	15	—	—	"
Com. Union	160	11	1	19	—	24	—	167p
Com. Union	180	2	3	9	—	14	1	"
Cons. Gold	460	22	2	52	—	70	2	480p
Cons. Gold	500	—	—	32	25	43	4	"
Courtaulds	60	7	2	9½	22	11½	—	64p
Courtaulds	70	1	—	4½	15	7½	—	"
GEC	500	180	—	198	6	—	—	676p
GEC	550	150	—	148	—	163	1	"
GEC	600	80	—	98	1	113	—	"
GEC	650	30	29	55	42	73	—	"
GEC	700	5	—	27	14	48	—	"
Grand Met.	160	35½	2	41	—	44	—	194p
Grand Met.	180	16	1	24	—	28	2	"
Grand Met.	200	5	—	12½	7	17	1	"
ICI	240	26	1	42	—	52	—	262p
ICI	260	10	58	29	69	40	1	"
ICI	280	2	2	17	22	26	2	"
ICI	300	½	—	7	6	17	—	"
ICI	330	½	—	3½	18	—	—	"
Land Sec.	390	33	2	45	—	62	—	422p
Land Sec.	420	10	6	28	2	42	—	"
Marks & Sp.	120	8½	7	14	3	18	2	127p
Marks & Sp.	130	2½	—	7	4	12½	—	"
Shell	330	32	4	52	25	62	—	360p
Shell	360	10	89	32	6	44	—	"
Shell	390	1	5	17	6	28	2	"
Shell	420	⅛	—	6	5	14	—	"
Totals			233		379		58	
		May		August		November		
Barclays B'k	360	50	1	62	—	72	—	405p
Barclays B'k	420	6	5	25	—	35	—	"
Imperial Gp.	70	7	57	10½	20	12	25	75p
Imperial Gp.	80	2	18	5	34	6	13	"
Lasmo	550	24	5	50	—	67	—	547p
Lasmo	600	8	5	28	3	45	—	"
Lasmo	700	1	—	13	5	17	—	"
Lonrho	90	7½	8	15	12	17	—	94p
Lonrho	100	3½	30	8½	17	11	2	"
Lonrho	110	1½	100	5½	1	7½	1	"
P. & O.	120	30	—	34	—	37½	2	149p
P. & O.	140	10½	16	19½	10	24½	—	"
P. & O.	160	5	2	9½	11	13½	2	"
Racal Elec.	330	48	5	64	6	76	—	375p
Racal Elec.	360	27	10	43	5	56	—	"
Racal Elec.	390	8	2	25	10	39	—	"
RTZ	500	—	—	27	4	47	—	470p
Totals			264		138		45	

BIDS AND DEALS

Savoy staff give thumbs down to THF bid plans

BY REG VAUGHAN

THE BATTLE between Trusthouse Forte and the Savoy Hotel group yesterday moved into the bedrooms, bars and restaurants of the world's most famous hotel company as the staff added their voice to the torrent of words that has already poured forth from the two warring parties.

According to a statement from the Savoy group the *message from the employees* was clear—an overwhelming thumbs down to Sir Charles Forte's takeover plans.

Mr. Giles Shephard, the Savoy managing director, yesterday described the reaction of the group's staff as "totally spontaneous." He admitted to being "very surprised" by the response which he said had come from every corner of the group right down to the laundry.

Sir Charles' Italian forebears seem to count for nothing. In the Savoy restaurant, where the *waiting staff is said to be* predominantly Italian or of Italian origin, "the overwhelming majority have informed the Savoy directors of their unqualified opposition," the statement said.

But Sir Charles was undismayed at *this latest turn of events*. He said he was "pleased to see such loyal staff. I am sure they will be as loyal to us if we succeed."

The Savoy statement said that the directors had received a large volume of correspondence and many messages from this country and from abroad urging it to resist the THF bid. These are to be made available to the Office of Fair Trading.

Citing as an example of the staff's feelings the Savoy statement said that over 90 per cent *of those employed* at the Berkeley Hotel have sent a petition to the board urging them to remain in control, while over 80 per cent of Claridge's staff have said that they have no confidence in Sir Charles Forte. The staff in the Lancaster Hotel in Paris, were also opposed to the bid.

Savoy alleges: "It is clear from this evidence that the service in these prominent and nationally important hotels would suffer and deterior under Sir Charles For control."

THF's application for an or to call meetings of the "A" "B" shareholders of the Sa group is expected to be heard the High Court today. The c is expected to come before Justice Nourse. The hear will be in private but beca of the public interest it is sible that the judge will his judgment in public. Savoy board has described move by THF as "fundament objectionable."

Jamaica Sugar offer succeeds

The 15p-per share offer by Mr. *Nicholas de Savary for the* ordinary capital of Jamaica Sugar Estates which he did not already hold has been accepted in respect of 109,277 shares, or 3.37 per cent.

Together with their holdings prior to the offer, Mr. de Savary and his associates now own *1,709,277 shares, or 52.8 per cent.* The offer is now closed.

Federated Land in £7m sell-off

BY RAY MAUGHAN

FEDERATED LAND is proposing a management "buy out" with a difference. The group plans to dispose of its house-building interests through a phased sale of its land bank and net assets over six years to raise a minimum of £7.4m. *The buyer is Mr. Peter Meyer,* the vice-chairman and brother of the chairman, James.

Subject to the approval of shareholders at an extraordinary meeting on May 5, Mr. Peter Meyer, a former corporate finance executive at Hill Samuel and a main board director at *Federated for the past five of* the group's nine years as a quoted company, will pay Federated a minimum of £6.43m over a maximum of six years based on a formula linked to house prices, and a further £963,000 for the profit on completed houses now being transferred and certain roads. The payment will be made by Tevis, a private company controlled by Mr. Peter Meyer.

The consideration for the land bank represents a £2.85m surplus over book value and a premium of £1.35m over an independent valuation. Federated will also receive interest at a fixed rate of 16 per cent annually on the reducing value of the land and roads being sold.

Finally, it is offering a facility to cover any working capital required by Tevis which will bear interest at 3 per cent over base rate. Federated itself pays 1¼ per cent over base for most of its own bank borrowings.

The chairman of Federated, Mr. James Meyer, explained yesterday that the group was unwilling to tie up the capital required to replenish the land bank and, although residential development has always provided the core of the group's earnings, "the difficulties which the board foresees in maintaining even a reduced profit contribution from house building, have convinced the board that this would not be the right course and have reinforced its determination to concentrate on commercial developments."

The proposals now put forward by Tevis *through the chairman's* brother will eliminate the redundancy and closure costs dictated by a run-down of the house building interests and are expected to provide better terms than an outright sale through the participation in house p movements over the next years.

Like many other traditi house builders, Federated been building up a prope investment portfolio. In case, the portfolio is worth £22m concentrated in re developments.

Principal investments prise the Hempstead alley sh ping centre, where revers will fall in during 1983, follo by the Leatherhead Town Ce Development which will be ing in 1982 when a start on *next major shop centre* Hanley-on-Trent is expected.

Net worth is some £15m, 140p per share, and net bor ings have reached what the bo expects will be a maximum around £12.5m.

TOMATIN/HEINEKEN

Shareholders of Tomatin Distillers Company yesterday approved at an extraordinary *general meeting* the issue of 1.35m new ordinary shares of 25p each to Heineken NV or one of its wholly owned subsidiaries at a subscription price of 115p per share.

The new shares have been issued to Heineken International Beheer BV, a wholly owned subsidiary of Heineken NV, which now holds 20 per cent of the enlarged issued share capital.

An increase in the authorised *share capital of Tomatin* from £1.7m to £2m by the creation of another 1.2m ordinary 25p shares was also agreed at the EGM.

KIO/HARRISON AND CROSFIELD

Following the share exchange offer for London Sumatra Plantations the Kuwait Investment Office acquired on April 6, an interest in a further 229,185 ordinary Harrison and Crosfield shares, taking its holding up to 6,144,004 shares (10.01 per cent on the present issued capital).

BARROW HEPBURN BUYS PLASMATCH

Barrow Hepburn has purchased *the business and assets of* Plasmatch Compounds from the receiver, for a consideration of £272,500. The deal was carried out through Barrow Hepburn subsidiary Ferrite.

CASH SUPPORT FOR COMFORT

UK menswear manufacturer J. Comfort and Co. has received £120,000 from Industrial and Commercial Finance Corporation, a leading source of finance for small and medium sized businesses.

Comfort plan to use the funds to expand its operations to meet the growing overseas demand.

NEW CHAIRMAN OF OLD SWAN HOTEL

The new chairman of the Old Swan Hotel (Harrogate) is Mr. Tom McDonald — partner in Armitage and Norton, chartered accountants—and not Mr. P. McDonald as stated yesterday.

SHARE STAKES

British Mohair Spinners—Allied Textile has disposed of its interest.

Ruo Estates—Warren Plantation Holdings has disposed of its entire holding in company—140,500 shares (10.36 per cent).

Caledonia Investments — Prudential Corporation Group of companies now holds 1.04m ordinary stock units (5.91 per cent).

Carron Company (Holdings)—*Edinburgh Investment Trust has* acquired 850,000 shares (5.06 per cent).

Sharp rise in profits at Patino

BOOSTED BY higher prices for both base and precious metals, net profits of the Dutch-based Patino for 1980 leapt by more than 80 per cent to US$28.17m (£13m), or $10.64 a share.

Extraordinary items, mainly representing the gain on the sale to a Brazilian subsidiary of Brascan of the Companhia Estanifera do Brasil (CESBRA) tin mining and smelting unit, lifted the final net profit to $44.54m.

Mr. Patrick Keenan, the chairman, said yesterday that the group's forward sales, especially of the precious metals, were profitable during the year, and *the company has sold about half* of its expected 1981 output forward as well.

Mr. Keenan expects a downturn in earnings this year, in line with the lower prices prevailing for metals, but this will be cushioned to some extent by the historically high interest rates being paid on the funds the company has on deposit.

British Dredging plans £0.72m rights issue

BRITISH DREDGING, which yesterday reported a pre-tax profit—the firs time since 1974—*of £0.5m, is seeking to raise* at least £0.72 mby means of a one-for-four rights issue, to be underwritten at 25p a share by Equity *Capital for Industry (ECI).* The shares jumped 7p to 28p.

ECI has agreed to take a long-term stake of at least 12½ per cent of the enlarged equity of British Dredging, subscribing for as many shares as it may need to reach that level, over and above any shares it may receive as underwriter.

Once more than 37½ per cent of the rights issue is taken up, *ECI will be committed to buying* extra shares. If the issue is fully subscribed, ECI will have to buy 2.1m new shares at 25p, increasing the total injection of new equity to £1.236m. In addition, ECI is to provide a 7-year loan facility of £0.5m, and nominate a non-executive director.

The issue requires the authorised ordinary share capital of British Dredging to be increased at an extraordinary meeting of the company on May 1, 1981, when shareholders will be asked to approve the creation of 5m new 25p shares and endorse the terms of the agreement with ECI.

Ready Mixed Concrete, which holds 27.85 per cent of the existing equity, has declined to make any undertaking at this stage to vote in favour of this resolution.

Shareholders will also be asked to vote for the cancellation of the share premium account. This would offset accumulated deficits in the distributable reserves, opening the way to a resumption of dividend payments—for the first time since the group 0.3p in 1976—as long as return to profitability is tained next year.

This year's improvement £0.55m at the trading leve because of strong performa from the two main comp BDC Concrete and BD Ag

This outweighs the re suffered by the Cardiff dry of the Avonmouth subsid which lost about £100,000 making a profit in the prev year.

Mr. Fane Vernon, chairma looking for further loss-elim tion this year, to "allow strength of the profitable nesses to shine through."

"The new capital would used immediately to reduce borrowing. In the longer objectives were plant moder tion and development of group's more profitable activ

Amdahl debut day on LSE

TRADING in the 21m issued and committed shares of Amdahl Corporation, the large U.S. computer manufacturer, is to begin this morning on the London Stock Exchange.

Net income in 1980 was slightly down at $15.2m ($15.3m) or 80 cents a share (87 cents) fully diluted on revenue of $394.3m ($320m). Shareholders equity on December 26, 1980 was $239.6m and *the company had* positive cash balances.

The Japanese electrical company, Fujitsu, has a 31.5 per *cent stake in Amdahl.*

Amdahl has grown rapidly since its formation in 1970 and specialises in building large computer processing systems. Installations around the world exceed 500 systems worth more than $1.5bn.

Results were depressed in 1980 as more customers chose to lease rather than buy machines while waiting for new models. Both IBM and Amdahl have recently announced new models, but lease orders, now about 30 per cent of total sales, are expected to remain substantial for the next 18 months until the new systems become available.

Amdahl shares ranged between $15¼ and $38¾ on the American Stock Exchange last year and are currently at about $35¾.

Brokers to the London listing are Hoare, Govett.

Habitat lower at midway

DESPITE A 24 per cent increase in sales from £30.51m to £37.73m, taxable profits of Habitat Design Holdings, the unquoted household goods retailer, declined to £2.29m in the 28 weeks to January 11, 1981. This compares with £2.78m in the *corresponding period and £3.97m* for the whole of the previous year.

Mr. Terence Conran, the chairman, says the results clearly reflect the current depressed economic climate in Europe and the U.S. and suffered especially from high interest charges—more than doubled from £244,000 to £546,000.

Much of the decrease in trading profits, which fell from £3.17m to £2.96m, can be accounted for by the exchange differences applicable to earnings from France, he adds.

Net profits, after tax of £901,000 (£1.15m) and translation losses of £218,000 (£56,000 gain) emerged at £1.17m (£1.69m) and earnings per 10p share are shown down from 15.1p to 12.3p

EUROPEAN OPTIONS EXCHANGE

Series	Price	June Vol.	June Last	Sept. Vol.	Sept. Last	Dec. Vol.	Dec. Last	Stock
GM C	$45	5	8½	—	—	—	—	$53⅞
		April		July		Oct.		
ABN C	F.280	16	9.50	—	—	—	—	F.288
ABN P	F.300	43	0.80	5	4.80	—	—	"
ABN P	F.320	—	—	2	1.30	—	—	"
AKZO C	F. 15	15	8.20	15	8.30A	—	—	F.22.90
AKZO C	F.17.50	—	—	10	5.50	10	6.40	"
AKZO C	F.20	49	3	19	3.30	28	4	"
AKZO C	F.22.50	35	0.70	46	1.80	20	2.60	"
AKZO P	F.25	—	—	63	1.10	23	1.60	"
AKZO P	F.22.50	—	—	2	1	10	1.60	"
AMRO C	F.55	—	—	1	3.20	—	—	F.55.80
AMRO C	F.60	10	0.10	5	1.10	—	—	"
KODA C	$80	2	2	—	—	—	—	$80½
HEIN C	F.50	1	8.80 A	—	—	—	—	F.58.30
HEIN C	F.55	8	3.70 A	—	—	—	—	"
HEIN C	F.60	88	0.60	—	—	13	3	"
HEIN P	F.50	—	—	10	0.80	10	1.20	"
HEIN P	F.60	—	—	—	—	10	4.50	"
HOOG C	F.12.50	5	7.50	—	—	—	—	F.19.60
HOOG C	F.15	15	5	32	5.30	—	—	"
HOOG C	F17.50	—	—	—	—	1	4.50	"
HOOG C	F.20	—	—	55	1.80	6	2.50	"
IBM C	$60	—	—	—	—	5	5¾	$60 7/16
IBM C	$65	—	—	—	—	1	3⅞	"
IBM P	$60	—	—	—	—	6	3⅛	"
IBM P	$65	10	4⅞	—	—	—	—	"
KLM C	F.60	2	38	—	—	—	—	F.97.20
KLM C	F.70	1	28	—	—	—	—	"
KLM C	F.80	40	18	1	18 A	2	21	"
KLM C	F.90	21	9.50 A	1	13	2	15	"
KLM C	F.100	152	3.50	15	9.50	10	11	"
KLM C	F.110	39	0.80	53	4.10	29	7	"
KLM P	F.80	40	0.10	9	2.80	—	—	"
KLM P	F.90	61	0.80	29	5	—	—	"
KLM P	F.100	10	5.50	1	9.90	—	—	"
NATN C	F.120	1	2	—	—	2	7	F.120.50
NATN P	F.125	10	1	—	—	—	—	"
PHIL C	F.15	—	—	20	6.40 B	10	6.50	F.21.50
PHIL C	F.17.50	259	3.90	70	4.10	58	4.20	"
PHIL C	F.20	511	1.50	430	2.10	325	2.40	"
PHIL C	F.22.50	—	—	552	0.90	192	1.30	"
PHIL P	F.17.50	—	—	—	—	65	0.40	"
PHIL P	F.20	15	0.30	60	0.80	123	1	"
PHIL P	F.22.50	—	—	4	2	—	—	"
RD C	F.85	40	5.80A	—	—	—	—	F.90.20
RD C	F.90	58	2.50	12	4.80	50	6	"
RD C	F.95	4	0.90	52	2.50	—	—	"
RD C	F.100	65	0.20	62	1.50	47	3.50	"
RD C	F.110	—	—	70	0.80	10	1.50	"
RD P	F.90	238	1.20	27	4.90	—	—	"
RD P	F.95	125	4.90	50	7.70	—	—	"
RD P	F.100	20	9.80 B	23	12.80 B	—	—	"
RD P	F.110	—	—	10	28.50	—	—	"
ATT C	$50	2	2⅝	—	—	—	—	$52⅞
UNIL C	F.125	1	13.50 B	—	—	—	—	F.138.50
UNIL C	F.135	4	4.50	5	5 B	—	—	"
UNIL C	F.140	—	—	—	—	5	3.80	"
UNIL P	F.130	—	—	3	2.60	—	—	"
		May		Aug.		Nov.		
BOEI C	$35	—	—	10	2⅝	—	—	$34⅛
BOEI P	$35	—	—	10	2½	—	—	"
BOEI P	$40	11	6⅜	—	—	—	—	"
BASF C	DM.130	—	—	4	7	—	—	$133.80
BASF C	DM.140	—	—	20	1.50	—	—	"
MANN C	DM.130	3	5.50B	—	—	—	—	"
MANN C	DM.140	20	0.70	20	1.40	—	—	"
SIEM C	DM.260	40	1.80	10	5	—	—	DM266.2
VEBA C	DM.130	—	—	15	8.50	—	—	DM137.2
VEBA C	DM. 140	—	—	4	2.50	—	—	"
VW C	DM.150	2	16	—	—	—	—	DM166.2
VW C	DM.160	—	—	7	9	—	—	"
VW C	DM.170	42	1.20	—	—	—	—	"

TOTAL VOLUME IN CONTRACTS 5287

A=Asked B=Bid C=Call P=Put

UK COMPANY NEWS

Mail order squeeze hits Empire Stores and Grattan

THE DIRECTORS of mail order company Empire Stores (Bradford) say the impact of the ever deepening recession is reflected in sales only increasing 8 per cent from £132.51m to £142.55m and pre-tax profit declining 24 per cent from £7.38m to £5.61m, for the 53 weeks to January 31, 1981.

In volume terms turnover for the period declined as well.

At the half-year stage the company made a profit before tax of £2.32m (£3.49m) on turnover of £71.1m.

The directors are recommending a same again final dividend of 2.7p per 25p share making an unchanged total of 5.1p.

Commenting on the company's prospects for the current year Mr. J. Gratwick, chairman, says the difficult trading conditions have continued. Sales volumes for the first two months were below the level of the comparative period in 1980.

He adds it is impossible to forecast likely consumer spending during the remainder of the year, but when many costs, particularly those associated with the public sector, are increasing at a rate considerably in excess of the inflationary content of retail prices, profits must remain under considerable pressure.

He believes that while tight control must be maintained on expenses, the company should continue investment in improved technology, increased facilities and higher agency strength even though this has some adverse effect on short-term profitability.

This is the only way it will be in a strong position when the recession ends, he says.

During the year Empire Stores changed its basis of accounting for VAT after consultation with the Accounting Standards Committee. From this year VAT provided for will include future tax payments relating to past sales instead of being on the cash received basis. The relevant comparatives for the 52 weeks to January 26, 1980, have been restated.

Interest payable came out at £1.41m (£1.03m) and tax took £2.2m (£3.25m). A credit for deferred tax no longer required was £2.13m (£474,000).

Stated earnings per share emerged at 10.44p (12.65p), or 16.96p (14.1p) after deferred tax relief.

On a current cost basis profit before tax was £2.02m (£4.99m).

Despite reporting sales, including VAT, down from £239.62m to £227.13m, pre-tax profits of Grattan Warehouses, mail order company, rose from £2.37m to £3.11m in the year to January 31, 1981. The final net dividend is cut from 4.425p to 2.25p for a total of 4.116p compared with 6.291p. A reduced final had been forecast.

After declining from £2.46m to £2.04m in the first half, a loss of £95,000 was turned into a profit of £1.07m in the second six months.

Mr. J. Michael Pickard, the chairman, says sales for Spring/Summer 1981 will be lower than for the same period last year, but the net profit is expected to show an improvement.

He says that although margins improved during the year, these were partially offset by the predicted increase in the charge for bad debts from £2.7m to £6.3m, resulting in a trading profit of £7.9m (£7.4m, restated to reflect changes in accounting policies, particularly accounting for VAT).

The pre-tax figure was struck after interest charges slightly lower at £3.22m (£3.7m) and modernisation costs of £1.61m (£1.36m), which consisted of redundancy costs, consultancy charges and amounts written off against surplus equipment.

There was a tax charge of £694,000 after deferred tax of £1.62m (£2.85m) and a write-off of £2.31m for ACT, leaving net profits substantially lower at £2.42m against £5.21m. Stated earnings per 25p share were 5.5p—down from 11.85p. Dividends absorb £1.81m (£2.77m).

The company's net borrowings showed a big fall from £33m to £14m, but the benefit of this was not felt until the second half. Mr. Pickard anticipates a reduction in interest payable in 1981-82, together with a reduced charge for bad debts.

There was a pre-tax loss of £644,000 on a CCA basis.

See Lex, Back Page

S. Jerome boosted by non-textiles

A SUBSTANTIALLY improved contribution from its non-textile businesses—up from £28,000 to £151,000 — has resulted in S. Jerome and Sons (Holdings) reporting pre-tax profits improving from £405,000 to £512,000 in 1980. External turnover of this holding company with textile and communications interests, rose from £8.25m to £10.89m. The results include seven months' figures of C.M.R. Electronics.

Although they expected at the interim stage to pay a same-again total dividend, the directors are now recommending a net final of 2.52p (2.675p), which lifts the total from 3.2p to 3.52p. A one-for-five scrip issue is proposed.

There was a tax charge for the year of £159,000 (£171,000), but deferred tax written back amounted to £178,000 (£78,000), leaving net profits, after minorities of £10,000 (£3,000), £521,000 against £309,000.

Attributable profits came out at £569,000 (£309,000), and stated earnings per 25p share are up from 9.2p to 15.6p.

During the year capital expenditure was £113,000 and there was a net credit bank balance of £226,000 at December 31.

The historical pre-tax profit is reduced to £292,000 (£49,000) on a CCA basis.

Gill & Duffus tops forecast by £2m

WITH 1980 taxable profits ahead from £20.56m to £23.06m, Gill and Duffus Group, the international commodities and financial services concern, has exceeded its mid-year forecast by some £2m. As projected, the final dividend is being raised from 4p to 4.8p net making a total payment of 8.4p per share, against 7p in 1979.

However, Mr. T. P. H. Aitken, the chairman, commenting on the record result, says it is not a figure with which the Board is fully satisfied and it is hoped for better things in the future.

The current year is proving to be a difficult one in the group's traditional trading areas of cocoa, coffee and rubber, he adds, but despite adverse conditions, the company's financial strength gives reason for confidence.

In 1980, the group's UK companies, Gill and Duffus and Pacol again gave a creditable performance, with the latter having an excellent year reflecting a major contribution from rubber. The U.S. side did better in what was not an easy period, but Brazil, as indicated in October, had a difficult time. In line with the worldwide trend, the group's chemicals activities did not have a good year.

On the group's new ventures which began in 1980, Mr. Aitken reports that Gill and Duffus Securities Inc., a New York-based trader in U.S. Government debt instruments, has begun well, while the Board is well satisfied so far with G and D Energy Inc. an oil and gas company operating from Houston, Texas.

Group turnover for the year showed a fall from £711m to £629m.

Tax charge was £7.66m (£8.97m), but including the release of a £5.99m (£6.52m) provision for deferred tax, net profits were up from £18.11m to £21.39m.

After minorities and preference dividends, the balance attributable to ordinary holders was £21.26m, compared with £17.75m. Ordinary dividends absorb £5.53m (£4.68m).

Earnings per 25p share, before the deferred tax credit, rose from 17.1p to 23.2p and from 27p to 32.3p including the same.

After discussions with the company's auditors, the Board has concluded that in the context of the group's commodity trading business, it would be inappropriate to prepare current cost accounts since they would not produce meaningful information.

● comment

Shares in Gill and Dufus rose 10p to 200p, a new high for the year, on the back of a 25 per cent dividend rise and pre-tax profits £2m above the midway forecast. The company provides no breakdown in earnings but profits from its traditional moneyspinners, soft commodities, were under growing pressure throughout the year. Trading in cocoa was weak, reflecting lower demand from major chocolate manufacturers and a world market surplus. Dealings in other softs slowed in the second half and earnings from chemicals were depressed. Still, Gill and Dufus has more than made up for the shortfall on the commodities side by higher earnings from its financial service companies in the fields of money and insurance broking. For the current year earnings from commodities remain depressed, although chemicals are picking up thanks to revived European demand. But conditions of the key cocoa market remain uncertain with the long-awaited cocoa agreement still not signed and cocoa prices now at their lowest level in five years. This year's earnings should see a useful first-time contribution of around £1m from its U.S. government debt trading subsidiary. The shares yield 6 per cent, reflecting faith in the group's diversification plans and the eventual revival in cocoa trading.

London Shop seeks £4.87m

By William Cochrane

FOUR MONTHS after a "dawn raid" by McLeod Russell and Co., the tea plantation to property group, the retail and commercial property investment company London Shop Property Trust is raising £4.87m gross by a rights issue of 9 per cent convertible unsecured loan stock 1994-99 at par.

McLeod Russell paid an average of 112p a share last December for the straight equity proportion of its 15¾ per cent equity stake; just prior to this announcement the London Shop share price was 87p.

Last night the shares closed unchanged at 135p against an effective conversion price for the new loan stock of 149.25p a share.

After a programme of retrenchment in recent years, selling low yielding properties and reducing high cost short-term debt, London Shop is now at a turning point, chairman Mr. J. Hugh Jones said yesterday.

"Initial yields now obtainable approximate to and can exceed the rate of interest on the new convertible . . . ." Mr. Jones said that the company was looking at properties, mainly retail, in Yorkshire, Essex, Northamptonshire, Middlesex and Scotland. It expects to invest the proceeds of the issue in property during the next 12 months.

The effect of the convertible on net asset value of London Shop, allowing for full conversion, is a decline from 178.1p to 171.9p a share. The funding is underwritten by J. Henry Schroder Wagg and Co., and brokers to the issue are Rowe and Pitman.

Higgs & Hill back in profit

WITH NO exceptional provisions this time, against £2.5m, Higgs and Hill bounced back into the black in 1980, turning in a pre-tax profit of £2.1m, compared with a loss of £908,000. Turnover was up from £101m to £121.8m.

At midyear, this building, property development and housebuilding group reported profits £600,000 higher at £802,000.

An increased final dividend of 2.8p (1.95p) brings the total up to 4.8p (3.85p) net.

For the current year the directors say that viewing the company's operations as a whole at home and overseas, they feel justified in expecting 1981 to produce a further improvement in results.

They say it is too early to quantify this, but the year has begun well in all the operating subsidiaries. However, they warn that this confidence must be tempered with the concern, shared with British industry as a whole, at the severity and duration of the recession.

The construction workload brought forward into 1981 was satisfactory and extensive marketing activity is now directed primarily towards building up the workload for 1982 and beyond.

The directors are greatly encouraged by the number and value of tendering opportunities the company continues to receive in the present much-reduced market.

After a tax charge of £177,000 (£358,000 credit) there was a net balance for the year of £1.91m (£604,000 loss).

Stated earnings per 25p share were 21.1p, compared with a loss of 8.1p, before extraordinary items of £9,000 (nil). Minorities fell from £54,000 to £22,000.

CCA profits pre-tax were £1.59m.

Commenting on the results the directors say that the performance of the UK construction activities and the intake of new work stood up well to the worsening economic climate. Overseas, the major building contracts in Egypt and Trinidad made satisfactory progress.

UK property trading was disappointing because of reduced tenant demand. In France, several new industrial schemes were undertaken and contributed to satisfactory profits. The level of sales achieved by house building subsidiaries was the same as in the previous year, but profitability improved despite adverse market conditions for most of the year.

The company has continued to maintain a strong liquidity position. Following revaluation of investment properties, and after a credit to reserves from the 1980 result, the balance-sheet has been greatly strengthened and net assets per share amount to 212p.

● comment

The shares of Higgs and Hill gained 11p yesterday to 118p following publication of the sharply higher trading profit and 40 per cent rise in the final dividend. The disclosure that net assets per share are now 212p a share compared with 160p in the last balance sheet is another positive factor. However, there is probably still considerable potential for profit recovery now that most of the costs of closing the company's civil engineering division have been absorbed, and the recent rise in the share price may in part reflect lingering hopes of a bid following the aborted attempt by BICC last July at 110p a share. The fully taxed p/e is 10.6, relatively high for the sector, while the yield is under 6 per cent.

Lec profits and payment well ahead

MAINTAINING momentum throughout 1980, Lec Refrigeration finished the year with pre-tax profits ahead £0.82m at £2.44m, following an advance of £0.42m to £1.22m at midway.

Yearly earnings per 25p share increased from 18.02p to 30.64p and the net dividend total is hoisted from 3.7p to 5.55p with a final payment of 4.065p.

Turnover rose from £27.3m to £33.99m.

Peters Stores declines

A MUCH lower surplus on property sales, down from £554,822 to £4,731, has reduced taxable profits of Peters Stores, leisure wear retailer, to £165,959, compared with £771,757, for the six months to December 27, 1980.

The interim dividend, however, is being maintained at 1.5p net—last year a final of 2p was paid from pre-tax profits of £687,290.

The directors point out that retail profits were lower due to the recession. Although the first quarter of the current year has been similarly quiet, they do not anticipate the remainder of the year will continue at this reduced level.

Net retail sales improved in the half year from £4.51m to £5.58m but profit on trading fell back from £216,935 to £161,228.

After tax of £69,000 (£265,300) earnings per 10p share emerged considerably lower at 3p (15.8p). The net balance showed a drop from £506,457 to £96,959.

Setback for Yorks. Chemicals

WITH THE continuing worldwide recession in the textile industry having increased in severity as the year progressed, Yorkshire Chemicals, maker of dyes and tanning materials, plunged into a pre-tax loss of £1.27m for the second half of 1980 leaving the full year deficit at £859,000, against a profit of £908,000 previously.

First-half taxable surplus had improved to £408,000 (£348,000), but the directors warned then that the profit for the second six months would be much lower than that reported for the first period, and any dividend declaration was therefore postponed until the year's results were known.

In the event, no dividend is being paid for 1980, compared with 4.84526p last time. Loss per 25p share is shown at 7.3p (2.7p earnings).

Demand was particularly poor in the last quarter of 1980, the directors explain, and profits were also hit by the strong pound. Margins weakened in many markets and the working week was reduced to three days in November with a consequent serious under-recovery of labour and overheads.

Turnover for 1980 fell from £24.57m to £21.5m. Sales in January and February this year were disappointing, although March showed some improvement.

The value of stock at December 31, 1980 was £4.07m lower at £10.87m and since then there has been a further significant fall. Production departments, however, are returning to five-day working later this month. During the year the number of employees was cut from 836 to 575.

Short term borrowings were well down at £632,000 (£3.96m) at the year end.

Current cost loss before tax for 1980 was £2.66m.

● comment

The decline in world textile production combined with unfavourable currency movements to outflank the candid pessimism of Yorkshire Chemicals' interim forecast. A pre-tax loss for the final six months of £1.2m has crushed hopes of a small surplus. Yorkshire decided to produce below even the depressed level of current demand, in the effort to shed 27 per cent of stocks and 84 per cent of short term debt. This made it necessary to cut the workforce by over 30 per cent but it means that although the present result knocks book net worth down to about £20m, gearing is probably no higher than 30 per cent. Having spent £3m on new plant in the past two years, the company will be the more determined to keep going until markets revive; plans to resume five day working this month suggest a measure of returning confidence. The shares fell 1p to 27p.

Royal Worcester dips

A DECLINE in second half earnings from £2.16m to £1.67m reduced taxable profits of Royal Worcester for the 12 months to January 3, 1981, to £3.17m, compared with £3.6m. Group sales improved from £43.63m to £45.11m.

At midterm, profits were £1.5m (£1.44m) on turnover £1m higher at £11.28m.

The dividend is being maintained at 8.6p net with a same-again final of 5.7p.

Tax took £666,000 (£636,000), leaving a net balance of £2.5m (£2.97m) and earnings per 25p share of 37.9p (49p).

After an extraordinary debit of £362,000 (nil), representing a loss on the disposal of the Barthmann Cristall GmbH subsidiary, attributable profit emerged at £2.14m (£2.97m).

Current cost accounting reduces the pre-tax profit to £572,000 (£1.72m).

Yearling's total £14.2m

Yearling bonds totalling £14.2m at 12¼ per cent redeemable on April 14, 1982 have been issued this week by the following local authorities:

Great Grimsby BC (£1m); Middlesborough (Borough of) (£0.5m); Rotherham (Metropolitan Borough of) (£0.5m); Salford (City of) (£0.75m); Bassetlaw DC (£0.5m); Doncaster Metropolitan BC (£1.35m); Lothian Regional Council (£1.35m); Milton Keynes (Borough of) (£0.5m); North East Fife DC (£0.5m); West Lancashire DC (£0.25m); West Oxfordshire DC (£0.25m); Allerdale DC (£0.25m); Tower Hamlets (London Borough of) (£1m); Brentwood DC (£0.25m); Islwyn BC (£0.5m); Kensington and Chelsea (Royal Borough of) (£0.5m); Slough (Borough of) (£0.5m); South Wight BC (£0.25m); Clydesdale DC (£0.25m); Greater Manchester Passenger Transport Executive (£0.5m); Poole (Borough of) (£0.5m); Renfrew DC (£0.5m); Vale of White Horse DC (£0.75m); Warwickshire CC (£1m).

INTERNATIONAL COMPANIES and FINANCE

Sales at Celanese on strong rising trend

By Ian Hargreaves

CELANESE CORPORATION, the large U.S. chemical and fibre group, had a flat first quarter in terms of profits, but continues to report encouraging trends in its major markets.

Mr. John Macomber, the chairman, said that the company's performance in March had been especially strong. In the quarter, U.S. chemicals, U.S. cellulosics and plastics all did well.

Earnings for the quarter at $36m were identical to those for the same period last year, but sales were up sharply from $847m to $911m.

The domestic polyester fibre business, which has suffered from chronic overcapacity, was still making profits, he said, but there were losses in the international chemical and fibre businesses, mainly because of weak fibre demand in Brazil, Colombia and Europe.

Paris Eurobond dealer stops trading

By Our Financial Staff

CANADIAN AMERICAN, the Paris-based company which specialises in making markets in newly issued Eurobonds, has stopped trading.

The firm, which is owned by the Northwestern National Bank of Minneapolis, said in a prepared sttement yesterday that it had suspended trading indefinitely but that outstanding business would be settled normally.

The recent volatile market conditions and the uncertain outlook have caused Northwestern National to reappraise the role of Canadian-American. Its strategy will be revised and its Eurobond activities consolidated in London and Luxembourg, the statement said.

Discussions are under way for possible relocation of the existing Paris staff.

The only other firm to specialise in trading Eurobond new issues, Ross and Partners, was recently acquired by the U.S. investment house, Drexel Burnham Lambert.

Morgan income boosted by fee-based activities

BY OUR FINANCIAL STAFF

J. P. MORGAN, holding company for Morgan Guaranty Trust, the fourth largest New York bank, has reported an increase in net operating income from $70.8m to $79.4m in its first quarter after a sharp increase in earnings from non-interest bearing activities.

After accounting for losses on securities dealings the net profit came out at $76.7m, compared with $67.8m in the opening period of 1980. Net per share earnings came out at $1.87 against $1.66.

Within the increase in first quarter operating profit, non-interest operating income climbed 32.6 per cent while net interest earnings rose by only 7.4 per cent.

Morgan said that net interest yield declined but the drop was offset by a rise in the volume of interest-earning assets.

It added that net interest earnings rose to $235m from $218.9m a year earlier, while the average volume of interest-earning assets jumped to $40.3bn from $33.7bn a year before. Non-interest earnings rose to $111.6m from $84.2m.

Morgan said bond trading account profit and commissions rose to $4.3m in the first quarter from $3m a year earlier.

Corporate trust, other trust, and agency income increased to $37.8m from $34.8m, while foreign exchange trading income nearly doubled to $27.6m from $13.9m.

Other operating income, mainly fees and commissions, rose to $41.9m from $32.5m, Morgan said. This category includes currency translation losses of $1.63m in the 1981 quarter, up from $850,000 a year earlier.

AM forecasts heavy losses

BY OUR NEW YORK STAFF

MR. RICHARD BLACK, the former Alusuisse executive who six weeks ago became chairman of AM International, yesterday announced the second stage of his programme to restore the company to financial health.

Mr. Black said he was instituting an immediate internal and external review of the company's accounting system, but that preliminary indications already suggest substantial losses for the final half of this fiscal year, which ends in July.

Mr. Black added that operating results for the period should be positive, but that the new financial review was expected to result in charges to earnings.

AM International, formerly known as Addressograph-Multigraph, announced last month its plan to sell for $19m a variety of smaller businesses which, in Mr. Black's opinion, do not fit into the company's main lines of activity. The book value of these assets is $55m.

Mr. Black, a Texan who had run Alusuisse's U.S. operations, was brought in six weeks ago to replace Mr. Roy Ash, who was ousted by board members concerned at the deterioration in the company's balance sheet and financial prospects.

Mr. Black said a detailed review was necessary to determine the condition of the company. It should be completed by mid-June, when results for the third quarter ending April 30 would be reported.

AM International incurred losses of $15.8m in the first half of this year, having earned $5.8m in all fiscal 1980.

Mead remains confident despite slip in earnings

BY OUR NEW YORK STAFF

MEAD CORPORATION, the Dayton, Ohio, company which produces wood, paper, and metal castings, suffered a drop in first quarter earnings, mainly because of continued weakness in the motor and home construction industries.

Mead's performance also suffered because of a six week strike at its Georgia packaging and container plants.

The company reported first quarter sales of $672.3m, up by 3 per cent from last year, and earnings down 4 per cent at $31.3m. Per share profits were $1.12 against $1.19.

Mr. Greene Garner, the chief executive, said the paper, pulp and paperboard markets were still "reasonably good" and the company's containerboard mills were running at capacity. Timber prices, however, were still depressed by a weak housing market.

The speciality paper products division, which makes goods for schools, homes and offices, had a record performance. Mead's division supplying components to oil refineries also had a good quarter while the castings business continued to operate at low capacity because of poor motor industry sales.

Mr. Garner said he felt 1981 would be "another good year" for Mead and any upturn in housing and cars would be quickly felt.

Seagram drops bid for St. Joe

By Our New York Staff

SEAGRAM, the world's largest distiller, has backed out of its $2bn bid for St. Joe Minerals, conceding defeat to Fluor Corporation of California which has made a counter-bid worth $2.73bn.

In a brief statement Mr. *Edgar Bronfman, chairman,* said: "Our analyses of the values involved do not support an *increased offer of the magnitude* required to acquire the 100 per cent of St. Joe stock that had *been our objective.*"

The agreed deal between St. Joe and Fluor was widely viewed on Wall Street as excessively generous and this depressed Fluor's stock price. Seagram's bid had been bitterly opposed by St. Joe.

Intel's profits plunge in first quarter

By Paul Betts in New York

INTEL, a leading U.S. manufacturer of semi-conductors, yesterday reported a sharp drop in first quarter earnings as a result of the intense competition and price cutting which has hit profit margins of computer component makers.

In its first quarter, Intel's net earnings collapsed from $24.1m to $2.1m on sales of *$184.6m compared with* $203.9m in 1980.

But Mr. Gordon Moore, *Intel's chairman, said* yesterday he expected the first quarter to be the "low point for Intel in the current business cycle." He claimed Intel's microcomputer components and systems business continued to be relatively strong.

He added that this year would be a record one for new product introductions at *Intel, which were expected to* contribute to improved results during the second half of this year.

While the company was continuing to fund research and *development programmes* at a high level, capital spending plans for 1981 have been *trimmed from $180m to about* $150m.

$150m FRN for Midland International

By Francis Ghilès

A $150m floating rate note issue was launched last night for Midland Bank International, by European Banking Company, Samuel Montagu and Credit Suisse First Boston. These bonds will bear interest at ¼ per cent above the mean of the six-month bid and offered London interbank rate. The minimum coupon has been set at 9 per cent. The notes are guaranteed by the parent company.

The bonds cannot be called *by the borrower before 1986.* This longer than usual call provision and the higher than usual minimum *coupon* are designed to make the paper more attractive to private investors.

Elsewhere in the dollar sector, prices moved up *during the morning* because of strong performance of the New York bond market on *Tuesday. It fell back* later to close ½ point up on the day. Dealers described yesterday's *trading* as "purely professional."

Trading in the D-mark secondary market was mainly professional and prices were virtually unchanged. Initial reactions to the new DM100m issue for Finland were not particularly favourable and the bonds were indicated at less 1½ points on the grey market. Meanwhile, the issue *DM 100m 10-year 10 per cent* issue for the Council of Europe was priced at par by lead manager BHF Bank.

The World Bank has launched a SwFr 100m nine-year, 7 per cent issue through Swiss Bank Corporation. Prices on the secondary market were fairly mixed but unchanged on average.

The first Eurobond denominated in special drawing rights was launched yesterday by ENEL, the Italian state electricity company through Dillon Read Overseas Corporation. The amount is SDR 100m for five years and the interest rate will be ½ per cent over the SDR Libor rate, with a minimum of 5 per cent. The maturity is extendable by three years, at the note holder's option.

The Asian Development Bank is to make its second Euroyen issue, through Daiwa Securities. The Y15bn, 10-year issue is expected to carry a coupon of 8¾ per cent and has an average life of 8.4 years.

Confusion on $3bn credit for Venezuela

By Peter Montagnon in Madrid

THE Inter-American Development Bank's annual meeting ended with confusion over whether Venezuela will go ahead later this year with a rumoured $3bn Eurocredit.

While Sr. Ricardo Martinez, the country's Planning Minister confirmed that Venezuela was considering such a loan, another senior official Sr. Luis Hinestrosa Pocaterra, general manager of the Venezuelan state investment fund, said he doubted *such a loan was necessary.*

International bankers said they had been frustrated in their *attempts* to clarify the situation and were disappointed that Sr. Carlos Zubillaga, the Venezuelan official in charge of foreign borrowing did not attend.

But it is clear the loan cannot get under way until Congressional authorisation is forthcoming, which is now expected to take at least until June.

DEMERGER IS AGAINST TREND

Engelhard refines itself

BY PAUL BETTS IN NEW YORK

AMID excitement on Wall Street over the recent deluge of takeover bids for leading U.S. minerals and mining concerns, Engelhard Minerals and Chemicals, one of the world's largest commodity traders and a *leading refiner of precious* metals, has come up with its own offering.

After speculation that the company, which is 27.2 per cent owned by a Bermuda-based *subsidiary of Anglo American Corporation* of South Africa, was about to make a mining bid of *its own, it announced plans to* split itself into two independent publicly-held companies.

Anticlimax

For Wall Street, the announcement came as an anticlimax in the light of reports that Anglo American was again eyeing the North American market to expand its investments.

The Engelhard move is unusual as it appears to bunch a trend at a time when the fashion is for merging. This in itself is puzzling to Wall Street, which is used to analysing the impact of mergers but finds it much more difficult to assess a spin-off.

Mr. Milton Rosenthal, chairman of Engelhard, said the split was a "very logical development for the company" and one which had been under consideration for some time. "The fact we decided to go ahead with the spin off at this time is pure coincidence," he remarked, in a reference to the current bout of mining takeover bids. Moreover, he added, "This is purely an in-house Engelhard strategy." Minerals and Resources Corporation *(Minorco), the Anglo American* subsidiary which holds the 27.2 per cent stake in Engelhard, *voted "enthusiastically" for* the spin off, he said.

The plan will lead to the separation of *Engelhard's fast* growing Philipp Brothers commodity trading division from its two much smaller industrial units, Engelhard Industries, which includes precious metals' refining and the production of catalysts for pollution control, and the Engelhard Minerals and *Chemicals division.*

Under the proposals existing shares of the company will become the *outstanding stock of* the Philipp Brothers Corporation which will embrace the *commodity* trading and marketing operations. Stockholders will also receive 0.4 of a share for each share held in Engelhard in a new company which will absorb Engelhard's two industrial divisions. The new company, Engelhard Corporation, as with Philipp Brothers, will be quoted on the New York Stock Exchange.

Mr. Rosenthal said it was necessary to go back to Engelhard's formation to understand the reasons for the decision to split. "In 1960, Philipp Brothers, then a private company, merged with the Minerals and Chemicals Company of America, a public company. But both retained their separate identities, their separate books of accounts, and were effectively managed independently. Then in 1967, these two companies merged with Engelhard Industries," he said.

Overshadowed

For many years these three separate components made a meaningful contribution to the company's consolidated earnings. "But in 1974, things started changing. The two industrial components made a good profit but the Philipp Brothers division exploded," Mr. Rosenthal said.

So much so that Philipp Brothers last year accounted for 89 per cent of Engelhard's *revenues* of $26.57bn and 88 per cent of its earnings of $532.7m.

Although each of the company's *components are well* known, the industrial divisions have inevitably become overshadowed by Philipp Brothers.

"Each is well able to stand on their own feet and each is essentially in two different types of businesses. The fact that the larger component overshadowed the smaller deprived the management of the smaller of the visibility they deserved. At the same time, the necessity of all being housed in the same home distracted management by inevitably making each component think about each other's problems," he said.

Long-term potential

The new industrial corporation, with sales last year of $3.2bn and earnings of $113m would under its own corporate identity be able to take greater advantage of its long-term potential. As for Philipp Brothers, the commodity division would be unshackled from the industrial operations enabling it to concentrate solely on its trading and marketing operations.

Under the plan, the two companies will have separate managements, with the senior management of each company drawn from the present office of the chairman of Engelhard Minerals and Chemicals. Mr. David Tendler, currently vice chairman of the company, will *become chairman and chief* executive of Philipp Brothers while Mr. Irving Isko, now deputy *chairman of the company*, will become president and chief executive of the Engelhard *Corporation. Mr. Rosenthal* will continue as a director and consultant to Philipp Brothers and *as chairman of the Engelhard* Corporation, although not in an executive capacity.

While Wall Street has not responded enthusiastically to the spin-off, Mr. Rosenthal *claimed* that the market worth of the shares in the two new corporations might be greater *than the current value* of Engelhard shares.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Tuesday, April 14.

Closing prices on April

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amer. Air 15½ 86 (WW)	55	99¾	100¼	+0½	+0⅛	15.28
Amoco 13¼ 88	75	95¼	95¾	+0⅛	−1¼	14.32
CIBC 14½ 84	185	99½	100	+0¼	0	14.60
CNE 12¾ 91	100	92	92½	+0¼	−1¼	14.24
Citicorp O/S Fin. 10 86	300	85⅛	85⅝	+0⅜	−0¾	14.10
Citicorp O/S Fin. 12 87	200	91	91½	+0⅜	−1	14.09
Con. Illinois O/S 9¾ 86	150	83¾	84¼	+0⅛	−1½	14.26
Dupont Canada 13½ 91	65	95¾	96¼	−0⅛	−1½	14.26
EEC 11 95 (May)	75	81⅞	82⅜	+0¼	−0⅛	14.00
EEC 11 95 (August)	70	78⅝	79⅞	−0¼	−1¼	14.48
EIB 13¼ 90	100	96⅞	97⅜	+0⅛	−1	14.32
Eldorado 13¼ 86	50	95½	96	0	−1½	14.50
Elec. de France 10 88	125	82	82½	+0⅛	−1	14.04
Elec. de France 13 88	125	94⅞	95⅜	+0⅛	−1⅜	14.13
Export Dv. Cpn. 9½ 86	150	83¼	83¾	+0⅛	−1¼	14.64
Fed. Bs. D 12½ 85 (N)	50	93¼	93¾	+0⅛	−1¼	14.21
Fin. Exp. Credit 10½ 85	50	86⅜	86⅞	+0⅛	+1¼	14.95
Finland, Rep. of 9½ 86	100	81⅝	82⅛	−0⅛	−1⅜	14.94
Ford Credit O/S 14¾ 83	150	99	99½	+0⅜	−0½	14.88
Ford Cr. O/S Fin. 16 84	150	102½	103	+0⅛	−1¼	14.69
Gaz de France 13½ 86	80	97⅝	98⅛	+0½	−1¼	14.02
GMAC O/S Fin. 12 87	100	89⅛	89⅝	−0⅛	−1¼	14.69
GMAC O/S Fin. 12⅞ 88	100	91⅞	92⅜	+0⅛	−1⅜	14.82
Gen. Mtrs. O/S 11¾ 87	100	88½	89	+0¼	−1¼	14.48
Genstar 14¾ 91	50	97½	98	+0¼	+0¼	15.20
GTE Fin. 13¾ 86 (WW)	50	98¼	98¾	+0⅜	−1¼	14.16
Hudson's Bay 11½ 90	75	85⅜	85⅞	−0⅛	−1½	14.39
IBM Wld. Trade 12½ 88	200	95¼	95¾	+0⅜	−1	13.52
Newfoundland 13½ 90	60	95⅜	95⅞	0	−1⅜	14.59
Nova Scotia 10¾ 90	50	81½	82	+0¼	−1¼	14.41
OKB 10 86	50	87⅜	87⅞	+0¼	−1¼	14.00
Ontario Hydro 13½ 91	100	95⅜	95⅞	−0⅛	−1⅜	14.33
Quebec Hydro 11½ 92	100	84¼	84¾	−0⅜	−1⅛	14.34
Queb. Hy. 13 91 (WW)	100	92⅜	92⅞	+0⅛	−2½	14.42
Roviesse 11⅛ 85	50	90¼	90¾	+0½	−1¼	14.39
SNCF 12⅞ 85	60	95½	96	+0⅛	−1	13.77
SNCF 13 91	75	93½	94	+0⅜	−1½	14.20
Sth. California Ed. 14 87	50	97¼	97¾	+0¼	+0⅛	14.65
Sven Handelsbk 13¾ 88	45	95⅜	95⅞	+0⅛	−1¼	14.79
Sweden 12¾ 85	150	93⅞	94⅜	+0¼	−1⅜	14.18
Swed. Ex. Credit 12 83	50	94½	95	+0½	0	14.57
Swed. Ex. Credit 13 86	75	94	94½	+0¼	−1½	14.71
Tribune O/S Fin. 14 86	50	98¼	98¾	+0⅜	−0⅜	14.46
World Bank 9¾ 85	200	86⅞	87⅜	+0¼	−1¼	13.99
World Bank 10¼ 87	300	84¾	85¼	+0⅛	−1¼	14.01

Average price changes... On day +0¼ on week −1⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asia Dev. Bk. 8¾ 90	100	90⅞	91⅜	+0½	0	9.81
Australia 8½ 90	250	94¾	95¼	+0⅜	−0⅛	8.96
Austria, Rep. of 8¼ 92	150	89½	90	+0⅜	+0¼	9.78
CECA 7⅞ 92	150	87¼	88	−0⅛	−0⅞	9.70
CECA 10 91	120	102⅜	103⅛	+0⅜	+0⅜	9.53
Cll-Honeywell 8⅜ 90	125	90½	91¼	+0½	−1	9.91
EIB 8½ 90	200	91⅞	92⅜	+0⅜	−0¼	9.77
EIB 10½ 91	200	102⅛	102⅞	+0½	−0⅜	10.09
ESCOM 9¼ 87	100	94¼	95	−0⅛	−0⅛	10.40
Iberduero SA 9 90	100	93¼	93⅞	+0⅛	+0¼	10.09
Ind. Bk. Finland 8½ 90	60	89⅞	90⅝	0	−0½	10.12
Int.-Amr. Dv. Bk. 10 91	100	99⅞	100⅝	+0⅛	−0⅛	9.96
Japan Air Lines 8¼ 87	100	92⅞	93⅝	+0⅜	0	9.53
Japan Dev. Bank 7⅝ 87	100	90	90¾	+0⅜	−0½	9.70
Kobe, City of 8 90	100	90⅝	91⅜	+0⅜	0	9.50
Midland Int. Fin. 8½ 90	180	92½	93¼	+0⅜	−0⅞	9.66
Nuclebras 9¾ 88	100	88½	89¼	+0¼	−0½	12.07
OKB 8¼ 92	150	89¼	90	+0¼	+0½	9.80
Oslo, City of 8¾ 90	80	95¼	95¾	0	−1¼	9.52
Venezuela, R. of 9¾ 90	150	94⅜	95⅛	+0⅜	−0⅜	10.61
World Bank 8 90	700	88⅜	89⅛	+0⅜	−0¼	9.89
World Bank 10 86	150	101⅞	102⅝	+0½	−0¼	9.41
World Bank 10 90	200	101½	102¼	+0⅛	+0⅜	9.68

Average price changes... On day +0⅜ on week −0¼

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Austria, Rep. of 5¾ 90	100	92¼	92½	+1¾	−0½	6.48
BFCE 6½ 91	100	101	101¼	0	0	6.34
Bayer Int. Fin. 5¾ 92	100	91¾	92	+0⅛	0	6.26
Bergen, City of 6 90	50	96¼	96¾	+0⅞	−0⅛	6.52
Buhrm'n-Tetterode 7 90	40	101¾	102	0	+0⅛	6.72
Copenhagen Tele 5¾ 90	60	91½	91¾	+0¼	+0½	6.98
Denmark 5¾ 90	80	91	91¼	−0½	−1	7.09
Dome Petroleum 5¾ 91	100	95⅜	95⅞	+0⅞	+0½	6.34
Elec. de France 5⅞ 90	100	93	93½	0	−0⅞	6.21
Eurofima 5¾ 92	80	†99	99½	0	+0⅛	5.84
F. G. H. Hypo. Bk. 6 90	50	†96	96½	+0¼	0	6.55
Finland, Rep. of 5¾ 90	80	97	91¾	+0¼	−0½	6.94
Int.-Amer. Dev. 7 90	80	100	100¼	−0⅛	−0⅛	6.98
Japan Dev. Bank 5¾ 90	100	95	95¼	+0⅛	+0½	6.45
Jutland Tele. 5½ 90	50	90¼	90¾	+0⅛	+0¼	6.97
Mt. Blanc Tunnel 5½ 90	60	92½	92¾	0	−0¼	6.57
Neweg 5¾ 90	80	95½	96	+0½	+0⅞	6.37
Norges Komm. 4½ 91	100	84⅝	84⅞	0	0	6.41
OKB 6 90	100	95¼	95½	−0⅛	−0⅛	6.70
Oslo, City of 4⅞ 91	100	81¼	81½	−0⅜	−0⅛	6.92
Oslo, City of 5⅞ 90	80	93	93¼	0	−0¼	6.88
Philips Lamps 5¼ 92	100	91½	92	−0⅛	+0⅜	6.29
Sekisui Pre. Hms. 6 90	80	96¼	96½	−0¼	−1	6.53
Trade Dev. Fin. 6¾ 90	60	95	95¼	−0¼	−0⅜	6.83
Voest-Alpine 5¾ 90	80	92¾	93	−0½	−0¼	6.79
World Bank 6 91	100	94¼	94½	−0⅛	−0⅞	6.80

Average price changes... On day 0 on week −0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	93⅜	94⅛	+0⅛	−0⅛	8.49
Australia 6¾ 88	20	86⅞	87⅞	0	−0⅜	8.99
EIB 7¼ 89	12	93½	94½	*0*	−0⅜	8.78
Finland 5.8 83	10	92¼	93¼	0	−0⅛	8.84
Finland 6.8 88	10	87⅝	88⅝	+0⅛	−0¼	9.16
Finland, Rep. of 8¼ 87	15	98	99	+0⅛	+0½	8.69

Average price changes... On day +0⅛ on week −0¼

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10¾ 86 C$	80	90⅞	91⅞	0	−0¼	13.18
CIBC 13½ 85 C$	50	97	97¾	0	−0⅛	14.36
CIBC 11½ 85 C$	60	90⅞	91¼	+0¼	+0⅛	14.46
Federal Dev. 11½ 90 C$	60	†85	86	+0¼	−0⅛	14.40
Fst. Can. Inv. 10 84 C$	50	†88	88¾	0	−0⅛	14.92
R. Bk. Canada 10 86 C$	40	91¼	92¼	−0⅛	−0⅛	12.25
Tordom Cpn. 13½ 85 C$	30	†97	97¾	+0⅛	−0⅛	14.36
Mt. Bk. Dnmk. 9 91 EUA	25	90½	92	0	+0½	10.38
SOFTE 8¼ 89 EUA	40	85½	86½	0	0	10.
U. Bk. Nrwy. 9½ 90 EUA	18	96¼	98	0	0	9.
Algemene Bk. 10¼ 86 Fl	60	96¾	97½	+0¼	−0⅝	11.
Bk. Mees & H. 10 85 Fl	75	97¼	97¾	0	−0½	10.
Heineken NV 10 87 Fl	100	94⅞	95⅜	+0½	−0⅛	11.
Nat. Nedrlndn. 10 88 Fl	60	94½	95⅛	+0⅛	−0⅛	11.
Ned. Midd. Bk. 10 85 Fl	75	98¼	98¾	−0½	−0⅜	10.
Pierson 10¼ 86 Fl	50	97¼	98¼	0	−0¼	10.
Aero Paris 13¼ 87 FFr	150	93⅞	94⅞	0	0	14.
Charb'nages 13⅞ 85 FFr	400	98¼	99¼	0	0	14.
CECA 14¼ 86 FFr	150	99⅜	100⅜	0	+0¼	14.
EIB 14⅛ 88 FFr	300	98½	99½	0	+0¼	14.
Gaz de France 11 84 FFr	150	91⅞	92⅞	0	0	13.
La Redoute 14⅜ 85 FFr	125	95¼	96¼	0	−0½	15.
OKB 14 86 FFr	400	98⅜	99⅜	0	−0¼	14.
Solvay et Cie 14¾ 86 FFr	200	103	103	0	+0⅛	14.
Utd. Mex. Sts. 14 85 FFr	150	96¾	97¾	0	0	14.
Acona 14 85 £	20	95⅞	96⅞	+0⅛	0	15.
Beneficial 14¼ 90 £	20	92⅞	93⅝	−0¼	+0¼	15.
BNP 13½ 91 £	15	95⅞	96⅝	+0½	−0⅛	14.
CECA 13½ 88 £	20	96⅛	96⅞	+0⅛	−0¼	14.
Citicorp O/S 13½ 90 £	50	95⅜	96⅛	+0½	−0¼	14.
Fin. Exp. Cred. 13¾ 86 £	15	97½	98	0	−0¼	14.
Fin. for Ind. 14½ 88 £	20	100	100¾	+0⅛	+0½	14.
Gen. Elec. Co. 12½ 89 £	50	93¼	94	0	−0⅛	13.
Peugeot SA 14 90 £	23	94⅛	94⅝	+0⅜	−0⅜	15.
Rothschild 14½ 90 £	12	97¼	98	+0¼	+0¼	14.
Royal Trustco 14 86 £	12	98⅝	99⅜	0	−0¼	14.
Swed. Ex. Cr 13¾ 86 £	20	97⅝	98⅛	0	−0⅛	14.
Banobras 8½ 90 KD	7	†91½	92	0	0	9.
CCCE 8¾ 91 KD	10	†82½	83	0	0	11.0
Sonatrach 8½ 90 KD	12	†94	94½	0	0	9.
Akzo 9¼ 87 LuxFr	500	83	84	0	−3	13.
Euratom 9½ 88 LuxFr	500	85¾	86¾	+0½	−2½	12.
Eurofima 10½ 87 LuxFr	500	88	89	+0½	−4⅞	13.
EIB 9¾ 88 LuxFr	600	87	88	+1½	−1⅞	12.
Volvo 9¾ 87 LuxFr	500	83	84	+1⅜	−2¼	13.

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bank 5¼ 87	0¼	99¼	99¾	2/7	16⅜	16.7
Bank of Montreal 5¼ 90	0¼	99⅝	100⅛	18/6	19½	19.6
Bank of Tokyo 5¼ 89	‡0⅛	98¾	99¼	26/4	19.31	19.5
BBL Int. 5 86	0¼	99¼	99¾	20/6	16½	16.5
Bergen Bk. A/S 6 89	‡0¼	†98⅝	99⅛	29/5	17⅛	17.3
BNP 5½ 88	‡0⅛	99⅜	99⅞	29/4	18.69	18.7
CNT 5¾ 86	§0¼	99⅜	99⅞	16/4	13¼	13.3
Christiania Bk. 5½ 91	‡0¼	97⅜	98⅛	5/5	17¾	18.0
Citicorp O/S F. 84	‡0	98⅞	99⅜	30/4	15.44	15.5
C. Itoh 5¼ 87	0¼	99¼	99⅝	18/9	15.44	15.5
Co-operative Bk. 6 86	0¼	97⅞	98⅜	15/5	16¼	15.8
Den Norske Credit 6 90	‡0¼	98⅛	98⅝	5/5	17¾	18.0
Genfinance 5¾ 87	0⅛	99	99½	30/4	15⅛	16.2
Giro und Bank 5¼ 91	‡0¼	97⅝	98⅛	23/6	14.06	14.3
GZB 5½ 89	‡0¼	98½	99	1/5	17⅞	18.1
Ind. Bank Japan 5¼ 87	0¼	99⅛	99⅝	15/4	13.31	13.4
Ind. Bank Japan 5¾ 88	0¼	98⅞	99⅜	9/4	13⅛	13.2
Lloyds Eurofin 8 90 £	0¼	97	97½	3/7	14½	14.5
Lloyds Eurofin 5¼ 92	0¼	98½	99	4/6	17¼	17.4
LTCB Japan 5¾ 86	0⅜	100	100½	13/6	20.19	20.1
Man. Hanov. O/S 5¼ 94	‡0⅛	98⅜	98⅞	30/5	17	17.2
Midland Intl. Fin. 5¼ 92	0¼	98½	99	5/6	17.19	17.4
Nacional Fin. 6¼ 86	0¼	99½	100	25/7	17¾	17.7
Nacional Fin. 5½ 88	0⅜	98	98½	25/9	14⅞	15.1
Nat. Bk. Canada 5¼ 88	0¼	98⅛	98⅝	24/9	5¼	5.3
Nat. West. 5¼ 94	§0¼	97⅞	98⅜	14/4	13¼	13.5
Nat. West. 5¾ 92	§0⅛	97⅞	98⅜	23/4	13.69	13.9
Pemex 6 91	0¼	98	98½	8/4	6	6.1
Sparebanken 6 87	0¼	99½	100	19/6	19⅞	19.3
Standard Chart. 5¼ 90	0¼	99⅜	99⅞	3/9	17.06	17.1
Svenska Hndlsbk. 5 87	0¼	99⅝	100⅛	15/7	17.81	17.8

Average price changes .. On day 0 on week −0½

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Bow Valley Inv. 8 95	4/81	23.12	98	99½	0	23.3
Canon 6¾ 95	1/81	829	125⅜	126⅜	+0⅜	4.1
Credit Suisse 4¾ 93	10/79	1278	†97	99	+3	3.8
Digicon Fin. 8½ 95	10/81	29.5	†107	108½	+0⅛	3.7
Ina Overseas 8¾ 2000	4/81	42	†105½	107	+0⅛	2.2
Inchcape Ltd. 8 95	2/81	4.55	†95½	96¼	−0⅜	1.4
Jaccs 7½ 95	11/80	565	133	134½	+0⅛	16.9
Kotobukiya Co. 7 96	4/81	819	102⅞	103⅞	+1½	−2.9
Marion Int. Fin. 9 95	12/80	15.5	†88	89½	0	22.2
Matsushita El. 7½ 95	11/80	590	113½	114½	−0⅞	−3.9
MEPC 8¼ 98	2/81	2.47	†99	100½	−0⅛	10.6
Niigata Eng. 7½ 96	1/81	327	109⅝	110⅝	+0⅛	11.7
Nissho-Iwai Co. 8 96	10/80	398	85½	87½	−0⅜	2.2
Ricoh 6¾ 95	8/80	604	120⅜	121⅛	−0½	−1.2
Sumitomo M. Ind. 7 95	2/81	787	133⅞	134⅝	+5⅜	7.7
Swiss Bk. Cpn. 6¼ 90	9/80	200	†82	84	−1	13.4
Taylor Woodrow 8¾ 90	1/81	4.94	105¼	106½	+0⅛	0.4
Tokyu Land Cpn. 7½ 96	4/81	325	†101½	102½	+2½	4.7
Transco Int 8¾ 95	*2/81*	*68*	*†89½*	*91*	+0⅛	*41.0*
Tricorp 8½ 95	12/80	31.25	†92	93½	−0⅛	12.5
Union Bk. Switz. 5 89	2/80	121.4	†81	83	−0½	−8.6
Fujitsu 5 84 DM	7/79	431.5	153⅜	154⅝	−2⅜	−2.1
Sharp Cpn 6½ 88 DM	9/80	595	159⅜	160⅝	+0⅜	0.5
Uny Co. 6½ 85 DM	11/79	879.3	104⅝	105⅝	+0⅛	3.2

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change *over price a week earlier.*

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above *six-month offered rate* (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Terry Dodsworth in Paris examines the strategy of France's leading electronics group

Why Thomson-CSF looks to the U.S.

A GREAT deal of criticism has been levelled in France at *Thomson-CSF*, the French electronics group which has just signed a business communications deal with Continental Telephone of the U.S., for not moving more aggressively into the telephone-linked information market.

The company is unquestionably the French champion in the field of advanced technology electrical systems. Fostered by lucrative defence projects over the years, this rather laconic, introverted group has grown into a world leader in low altitude aerial defence equipment and air traffic control systems.

It is also France's largest specialised micro-processor manufacturer, one of the front runners in the world's radar industry, and a steadily developing force in the telephone exchange business, though it is experiencing some development problems with its latest products. Thomson's technical competence is recognised world wide: it is among France's top exporters, with a heavy emphasis on the Arab world, where it runs up about two-thirds of its overseas sales.

In the last year or two, however, Thomson seems to have run into a sticky patch in its relationship with the Government because of its determination not to be rushed headlong into the information systems industry on which the planners have been putting so much emphasis. Other French companies, like CIT-Alcatel and Matra, have appeared much more willing to respond to government pressure to invest in this sector; Thomson, one of the favourite sons of the administration over the last two decades, has embraced the information revolution with much more restraint.

Yet in the last few months Thomson has shown itself to be carefully laying the foundations for an attack on a very particular market niche—the corporate communications sector. In the medium term, at least, it is concentrating its attentions on the internal needs of companies rather than the potentially larger market for information systems in the home.

This selection of priorities has almost inevitably pushed Thomson into the U.S. American companies according to recent studies, account for almost 50 per cent of the world market in the business information field. Europe is at least five years behind in its rate of development. So an ambitious French concern has to turn to the U.S. both for sales volume and to ensure that its technology remains competitive.

Four agreements with big American companies have set the seal on Thomson's development strategy in the last 18 months.

> Criticism has been levelled at Thomson-CSF for not moving more aggressively into the consumer-oriented, telephone-linked information market. Instead, the group is concentrating on the corporate communications sector

The first was with Minnesota Mining and Manufacturing (3M), the photo-copying company which has bought distribution rights to a Thomson telephone facsimile transmitter in a $300m deal. This is the sort of machine which transmits copies of script over the telephone system for print-out on a similar unit in the office down the road or on the other side of the world.

Secondly, Thomson has linked up with Xerox in a joint development project for optical storage discs designed to take the place of traditional paper files.

Thirdly, Thomson recently signed an export contract with General Telephone and Electronics, the U.S.'s second-ranking telecommunications group, for 35,000 viewdata terminals. These screen and keyboard combinations can be linked into either internal company files or an outside data bank. Thomson claims that the GTE order is the biggest single contract signed in this field.

The fourth, most important deal has this week brought Thomson together with Continental Telephone, number three in the American telecommunications league. The joint U.S. organisation will in the first place distribute Thomson's range of office orientated equipment, but in the longer term establish a research and manufacturing company. The two parent groups are planning to inject about $400m into the enterprise over the next four to five years.

In addition to the products covered in these agreements, Thomson also manufactures the private telephone exchanges which, in a sense, are the brain centres for all of these terminal systems, linking up the users either inside or outside the company. In effect, Thomson's engineers have developed virtually the whole range of telephone-based products needed in the most ultra-modern office.

Several of these products demonstrate the success of the French Government's policy of encouraging investment in high-technology communications. For example, the facsimile transmitter design sold to 3M was developed on the initiative of the Post and Telecommunications Office, which wants to introduce these sort of machines in high street post offices.

Despite these technical successes, however, Thomson has shown considerable caution in approaching the so-called "telematics" market. This is partly because the company's main base remains in products like electronic-based defence systems, telephone exchange and transmission technology, and hospital scanner systems. The main investments continue to go into these activities: defence and electronic systems account for 40 per cent of the group's FFr 22.3bn ($4.6bn) turnover.

In addition, Thomson is clearly more at home dealing with government-dominated markets than with the general consumer. The other branches of Thomson's parent group, Thomson-Brandt, embrace France's leading television and electrical kitchen equipment manufacturing activities; but the development of the CSF arm has been firmly linked since the beginning with French Government contracts. Even its export business tends to be with governments or with public bodies dealing with telecommunications or the hospitals.

This lack of experience with non-government markets explains Thomson's strategy of linking with American companies to attack the U.S.

The opportunities for synergy are there. The only doubt is whether, even with their combined operation, the French and U.S. companies can take on the giants such as American Telephone and Telegraph and International Business Machines.

Sharp fourth quarter slide at BASF

BY KEVIN DONE IN FRANKFURT

PROFITS OF BASF, the West German chemicals concern and one of the world's three largest chemicals groups, suffered a major collapse in the last quarter of 1980. Group pre-tax profits fell 66 per cent in the period to DM 122m, compared with DM 359m in the corresponding quarter of 1979.

Setbacks in the last quarter, especially in the U.S. where the company's largest American subsidiary, BASF Wyandotte, is understood to have run up losses of around $50m as a result of plant closures and other far-reaching restructuring measures, have dragged down the group's overall performance in 1980.

After enjoying an outstanding year in 1979, BASF's group profits fell over the whole of 1980 by 25.4 per cent to DM 1.3bn ($610m) from DM 1.7bn in 1979.

Prof. Matthias Seefelder, chairman of BASF, has already warned shareholders that the company will almost certainly be forced to lower its dividend from the 1979 level of DM 8 a share.

BASF's turnover worldwide (including 50 per cent owned subsidiaries) rose 7 per cent last year to DM 29.99bn ($14.03bn) from DM 28bn in 1979, but the increase was largely derived from price increases rather than higher volume sales.

Turnover of the parent company showed a modest rise of 2.9 per cent to DM 12.5bn, but in volume terms BASF production fell about 5 per cent as it was hit by the full force of the recession in the West German chemicals industry. Overall West German chemicals production fell 4 per cent in 1980.

During the year the group's workforce was reduced from 117,168 to 116,518. Capital investment was fractionally up from DM 1.81bn in 1979 to DM 1.84bn.

BASF is particularly exposed to a down-turn in chemicals demand, because it is heavily engaged in the production of bulk basic petrochemicals and standard plastics, such as low density polyethylene, PVC and polystyrene.

Many of its commodity plastics operations were working at a loss last year and BASF also fell into losses during some months in its oil refining activities.

In the U.S., the Wyandotte subsidiary's sales fell below $1bn last year compared with $1.1bn in 1979. BASF's other major U.S. subsidiary, the Badische Corporation, which produces raw materials for man-made fibres and chemicals, enjoyed a more successful year, increasing pre-tax profits 39 per cent to $22m on a turnover up 14 per cent at $455m.

Overall, BASF was hit hard by rising energy and raw materials costs last year, which it was unable to pass on fully in higher prices because of the weak conditions of some of its major markets. Intermediate chemicals for synthetic fibres were hit hard here as well as commodity plastics and refinery operations. BASF performed most strongly in areas such as pharmaceuticals, fertilisers, potash and salt, and specialist plastics.

In the current year the parent company reports some improvement in incoming orders but no signs of a sustained recovery.

COB tightens French share buying rules

By Our Paris Staff

THE COMMISSION des Operations de Bourse (COB), the French Stock Exchange regulatory committee, is tightening the rules governing large-scale share buying on the official Paris market. Its aim is to force shareholders to disclose within five days any buying activity which takes a holding over 10 per cent, 33 per cent or 50 per cent.

This change in the rules follows a series of financial manoeuvres in the last six months which have sometimes led to spectacular rises in individual share prices.

The takeover of Hachette by Matra, for example, was preceeded by a mysterious spate of share buying and endless speculation before the identity of the buyer was made known.

Similarly, a large stake was built up in the Beghin-Say sugar company by the Italian Ferruzzi group before it declared its interest and settled for an agreement giving it 30 per cent of the French concern.

The COB's decision involves three main practical changes in current practice. First, it reduces the period during which a shareholder can build up a stake going over the relevant percentages from one month to five working days. This, says the COB, should reduce the element of uncertainty in share dealings which undermines the healthy working of the market.

Secondly, the COB is putting more obligation on the shareholder to declare when a significant stake has been acquired. In the past, the company whose shares had been bought had the right to know within one month, and was expected to declare the holding in its annual report.

Thirdly, the COB has made it clear that concerted action involving a buyer and a number of proxies has to be declared.

Strong second half boosts Bic sales and earnings

BY DAVID WHITE IN PARIS

SALES BY Bic, the French-based group known principally for its disposable ballpoint pens, increased 30 per cent last year and the group showed an 11 per cent gain in net profit despite a slight setback in the first half.

Turnover rose to FFr 3.2bn ($640m) from FFr 2.5bn, producing worldwide net earnings of FFr 214m, compared with FFr 193m the previous year. After minority holdings, however, the earnings increase was a more modest 3 per cent.

The parent holding company pushed its net profit up to FFr 73m from FFr 48m and proposes an unchanged net dividend of FFr 14 on capital increased by a fifth by means of a scrip issue. A similar scrip issue is planned this year.

The company said it did not propose to take advantage of French Government incentives for distributing shares to employees, arguing that this would give its French workers an unfair advantage over the group's large overseas workforce.

The group's principal activities under the Bic trademark—throwaway pens, razors and cigarette lighters—produced net earnings of FFr 170m against FFr 117m the year before, with a 23 per cent rise in sales to FFr 1.8bn.

Its women's tights subsidiary, Diroco, showed a 17 per cent sales increase to FFr 961m, but net profit dropped by half to FFr 33m from FFr 67m. The company said this was mainly a result of exceptional charges incurred in merging the two manufacturing arms, Dim and Colroy.

The men's outfitter, Guy Laroche, had sales of FFr 186m, 12 per cent up on 1979, with net earnings dropping to FFr 5m from FFr 9m.

VW extends short-time working

By our Frankfurt staff

VOLKSWAGEN, the largest West German motor vehicle group, is again introducing short-time working at some of its plants this month as a result of the recession in the West German and foreign motor markets.

Around 15,000 of the 22,000 employees at the company's commercial vehicles plant at Hanover are going on short time from April 9-16. A further 3,200 of the 6,400-strong workforce at the components works at Braunschweig are also being put on short-time working in the same period and for a further day on April 21.

Some 45,500 workers in the whole of the motor vehicle industry in West Germany were on short-time working in March, an increase of 18.7 per cent over February.

New Johannesburg bank

BY BERNARD SIMON IN JOHANNESBURG

A NEW BANK, jointly owned by Bankorp, the South African banking group, and Swiss bank, is to be established in Johannesburg. The Swiss partner is "one of the biggest international banks," according to Dr. Fred Du Plessis, Bankorp's chairman. He refused to disclose its identity for "political and social" reasons.

The new bank, to be known as the International Bank of Johannesburg, will have an initial authorised capital of R4m ($5m). Dr Du Plessis said the bank will offer a full range of banking services, but will concentrate on South African and foreign companies involved in import and export trade.

Bankorp has utilised a dormant banking licence to form the bank. The former Bank of Johannesburg, a small institution specialising in hire purchase and leasing, was absorbed into its other operations three years ago.

Total assets of the Bankorp Group reached R3.5bn ($4.38bn) in mid-1980. Its subsidiaries include Senbank, South Africa's largest merchant bank, and Trust Bank, a leading clearing bank. Bankorp's main shareholder is Sanlam, a leading life assurance company.

● The Bank of Cyprus (Holdings), the largest banking group in the island, reports overall profits of C£2.6m ($1m) for 1980, against C£2.3m the previous year, writes Andreas Hadjipapas in Nicosia.

Mr. George Christofides, chairman of the Board, told shareholders at the AGM that the results should be considered satisfactory in view of the monetary restrictions imposed by the Government at the beginning of 1980 in a bid to control inflation which last year rose by 13.5 per cent.

The meeting approved a dividend of 10 per cent.

Norsk Hydro foresees flat year

BY OUR FINANCIAL STAFF

BROADLY unchanged earnings are forecast for 1981 by Norsk Hydro, the industrial and energy group which is the largest company in Norway.

In its annual report the company says that profits before year-end adjustments and tax will show an improvement. An increasing tax burden, however, will probably leave the net result little changed.

For the year ended June, 1980, Hydro returned net profits of NKr. 1.47bn ($543.8m). Since then it has changed its accounting year to coincide with a calender 12 months.

Hydro explains that in 1981 petroleum tax will take a growing proportion of income as unapplied tax allowances start to run out.

The market for petrochemicals remains difficult but Hydro hopes for some improvement towards the close of 1981. In light metals the company expects this year to overcome its production problems.

The "stable situation" in fertilisers is expected to continue. Capacity running will be maintained this year and profits from this division should be in line with 1979-80.

Net earnings in the six months ended December, 1980, were NKr 730m on sales of NKr 8.3bn. Petroleum activities accounted for a third of the sales total.

New Zealand on pioneer path in Eurodollar notes

BY JOHN MAKINSON

NEW ZEALAND is going ahead with innovative plans to issue dollar notes on the Euromarkets, tapping a rare form of financing, but has been obliged to abandon a scheme to offer notes in other currencies.

The borrower, which is one of the most highly rated on the Euromarkets, had initially hoped to issue notes denominated in D-Marks, Swiss francs and yen, as well as in dollars. The central banks of the three countries involved were unwilling, however, to approve the plan, because they felt that they would be unable to control the flow of securities issued outside their domestic market.

The note facility will enable New Zealand to raise up to $500m through the issue of three, six, or 12 month paper. The facility is accompanied by a seven-year syndicated support credit for that amount, managed by a 10-bank consortium under the lead of Citicorp.

New Zealand is planning to make its first issue on April 16. It will offer $100m of three-month notes and the interest rate will be fixed on April 14. The interest rate on all notes will equal the London interbank bid rate for the equivalent maturity.

The note operation is called a syndicated Euro-note issuance facility and resembles the issue of commercial paper in New York. New Zealand is able to obtain a longer maturity than would be normal on the U.S. market, however, and is spared the arduous task of a filing with the Securities and Exchange Commission there. It remains to be seen whether an efficient secondary market in this new fund-raising instrument will develop.

Although New Zealand will not have direct access to currencies other than dollars, at least for the time being, it has entered into an agreement with the financing syndicate which will enable it to obtain other currencies through a swap arrangement.

Steep rise in costs hits PAL

BY EMILIA TAGAZA IN MANILA

SOARING fuel costs, higher financing charges, and lower revenue yields have combined to push Philippine Airlines (PAL) into an unprecedented loss of 395m pesos ($52m) in 1980, and the Government is to infuse 500m pesos ($66m) in fresh working capital to support the airlines' operations in 1981.

Mr. Roman Cruz, the company's president, said that there was record growth in passenger, freight, and other revenues last year, but operating costs and other expenses had grown still more quickly.

Total operating revenues reached 3.2bn pesos ($421m), up by 50 per cent, but operating costs increased 57 per cent to 3.4bn pesos. Interest payments also rose sharply, to some $32m, compared with $14m for the previous year.

PAL's international operations suffered losses of about $59m, blamed by Mr. Cruz on price-cutting competition among airlines on the trans-Pacific route, which accounts for almost half of PAL's total international traffic.

Fuel registered the highest increase among costs. PAL takes on most of its fuel for international requirements in Manila where fuel, though tax exempt, is 21 per cent more expensive than the average price in other Asian cities, 36 per cent higher than the average price in other cities along PAL's route, and 65 per cent higher than the price paid by American trunk carriers.

Most of the interest payments were on loans incurred when PAL purchased new aircraft in 1979 to modernise its fleet. It acquired two A300's in 1979 and four Jumbo 747's early last year. The purchases were financed mainly through Eurodollar loans. While the loans carried favourable rates, ranging from ¾ per cent to 1 per cent over London interbank offered rate, Libor itself rose as high as 24 per cent in 1980.

The fleet modernisation and the upgrading of PAL's services have exposed the airline to a heavy debt burden and the $66m fresh capital infusion will, it is hoped, reduce debts. At yesterdays annual meeting, stockholders approved the increase in capital stock from 1bn pesos to 3bn pesos to improve the firm's debt-equity ratio. Total accumulated liabilities at the end of last year stood at 3.8bn pesos while equity was 689m pesos.

Mr. Cruz does not expect the airline to return to profits in 1981, but hopes to abate losses though a combined programme of cost control, yield improvement, fleet standardisation, and the equity infusion.

The infusion of government equity will be channelled through the National Development Company. The NDC will issue bonds to be bought by the Government Service Insurance System (GSIS), which already owns almost all of the airline's 500m peso stock.

Sage takes up Unisec share offers

By Jim Jones in Johannesburg

SAGE HOLDINGS, the Sout African investment grou which is making a cond tional R154m ($192m) bi for control of Unisec, th investment holding company is to make the offer uncond tional for Unisec shar holders who have alread accepted.

The bid has been complicate by two Unisec group con panies, Newstock and Bil hawk Investments, which ow Unisec shares and whicl Sage believes, are subsidiarie of Unisec. If this is so, the cannot exercise the vote attaching to their Unise shares—a development whic would make Sage's bid fo control easier. Legal actio has been instituted by Sag against Unisec, aimed a establishing the latter com pany's precise relationshi with its associates.

On this basis, Sage cannot ye declare its offer uncond tional, while Unisec shar holders who have accepte Sage's offer are effectivel prevented from trading i their shares. As things stanc Sage's offer remains ope until June 9, unless it i declared unconditiona before then. Unisec shar holders who have accepte are now being offered a immediate cash payment c 270.5 cents a share. If Sag obtains more than 50 per cen of Unisec's voting share accepting shareholders wi be paid an additional 15 cent

Toncoro doubles profits on 48% sales increase

BY OUR JOHANNESBURG CORRESPONDENT

TONGAAT COROGROUP (Toncoro), South Africa's largest manufacturer of bricks, increased its pre-tax profits by 107.5 per cent to R28.9m ($35.8m) in the year to March 31. In the previous year, pre-tax profits were R13.9m. Turnover was 47.6 per cent higher for 1980-81 at R173.1m ($214.5m) against R117.3m.

The rise in profits was particularly strong in the second half of the year—as Mr. Cedric Savage, the managing director says, with increased capacity the group was better able to satisfy strong demand for most of its building products. Over the past few weeks, the supply of home loans has been sharply curtailed by South Africa's building societies, which this week announced a 1.5 per cent increase in mortgage interest rates, to an upper level of 13.25 per cent from 11.75 per cent.

Mr. Savage is unperturbed by the possible drop in house-building activity this could bring. He says that longer term projections require Toncoro to continue with its present expansion programme. Increasing emphasis is being placed on the production of concrete building blocks and products for mass housing projects.

A total dividend of 30 cents has been declared from earnings of 76.1 cents per share. In the year to March 31, 1980, earnings were 35.9 cents and the dividend total 12 cents.

Voltas recovery continues as diversification pays off

BY R. C. MURTHY IN BOMBAY

PRE-TAX profits of Voltas, a Tata company, doubled to a record Rs 41.8m ($5.1m) in the year ended last August from Rs 20.6m in 1978-79. Voltas has staged a sharp recovery in three years, with its pre-tax profits recovering from a trough of just Rs 1m in 1976-77.

Sales in 1979-80 increased by only 17 per cent from Rs 2.45bn to Rs 2.85bn ($345m). Post-tax profits amounted to Rs 36.7m, against Rs 20.61m the previous year. The company has stepped up its dividend to 18 per cent, from 15 per cent.

The increase in profit margin, says Mr. Akbar Hydari, the chairman, is the result of a long-term strategy of development. Voltas is one of the most diversified of companies, and deals in products ranging from low-cost, high volume consumer products to complex multi-million turnkey projects in air-conditioning, electrical, engineering and other fields. It manufactures air-conditioning plants and machine tools, and after the take-over of two ailing companies — Tata-Merlin and Gerin and National Electrical Industries—two years back, it has added electrical switch gear, power and distribution transformers, and motors to its product lines.

Voltas plans in the coming years to intensify its involvement in agriculture through such things as agro-chemicals and water management systems. It proposes to develop low-capital cost technological ducts, such as wind pumps, portable water plant, and multi-purpose animal drawn vehicles, utilising non-conventional energy sources in view of the rising cost of oil.

COMPANY NOTICES

GENERAL MINING UNION CORPORATION LIMITED

(Incorporated in the Republic of South Africa)

PAYMENT OF COUPON NO. 113

Holders of share warrants to bearer will receive payment on or after 16 April 1981 at the rate of 56.67141p the amount declared per share less 8.50071p being South African Non-Resident Shareholders' tax of 15% against surrender of Coupon No. 113.

* Coupons must be deposited FOUR CLEAR DAYS for inspection before payment will be made:—

In London: At the London Secretaries office of the Corporation, 30 Ely Place, London, EC1N 6UA

In Paris: At Lloyds Bank International (France) Limited or Credit du Nord

In Switzerland: At Credit Suisse, Zurich, Union Bank of Switzerland, Zurich, or Swiss Bank Corporation, Basle, or at any of their branches

Coupons belonging to holders resident in Great Britain and Northern Ireland will be paid as follows:

	Pence
Amount of Dividend after deduction of South African Non-Resident Shareholders' Tax of 15%	48.17070
Less: United Kingdom Income Tax of 15% on the gross amount of the Dividend of 56.67141p	8.50071
	39.66999

Listing forms can be obtained on application to the London Secretaries.

per pro. GENERAL MINING UNION CORPORATION (U.K.) LIMITED
London Secretaries
L. J. BAINES

30 Ely Place,
London, EC1N 6UA.
9th April, 1981.

NOTE—Under the double tax agreement between the United Kingdom and the Republic of South Africa, the South African Non-resident Shareholders' tax applicable to the dividend is allowable as a credit against the United Kingdom tax payable in respect of the dividend. The deduction of tax at the reduced rate of 15 per cent instead of at the basic rate of 30 per cent represents an allowance of credit at the rate of 15 per cent.

The gross amount of the dividend received to be entered by the individual shareholder on any return for income tax purposes is 56.67141p multiplied by the *number of shares held.*

IMETAL S.A. (formerly Le Nickel)

Loan of Doll.U.S. 20,000,000.- 9% 1971-1986

Holders of the above mentioned bonds are hereby informed that the annual redemption instalment of U.S.$1,500,000 due on 15th May, 1981 has been entirely satisfied by repurchase in the market of 1,500 bonds of U.S.$1,000 each.

Consequently, a drawing by lot will not take place this year. The amount of bonds outstanding, after the amortisation of 15th May, 1981 will be U.S.$12,000,000.

Outstanding bonds previously drawn by lot and not yet presented for *payment:*

13532; 1408 to 1410; 1566 to 1568.

BANQUE INTERNATIONALE A LUXEMBOURG
Société Anonyme
Fiscal Agent

Luxembourg, 9th April, 1981.

GENERAL MINING UNION CORPORATION LIMITED

(Incorporated in the Republic of South Africa)

ANNUAL GENERAL MEETING

The Annual General Meeting of the above company will be held in the board room, General Mining Building, 6 Hollard Street, Johannesburg on Thursday 7 May 1981 at 09h45.

per pro. GENERAL MINING UNION CORPORATION (U.K.) LIMITED.
London Secretaries
L. J. BAINES.

London Secretaries.
30 Ely Place,
London EC1N 6UA.
9 April 1981.

J. W. CAMERON & CO., LTD.

Notice is hereby given that the Preference Share Registers of the company will be closed from the 17th April to the 30th April, 1981, both dates inclusive.

By Order of the Board
C. F. PORTER
Secretary

ENEL

US$400,000,000 FLOATING RATE NOTES DUE 1987

For the six months, April 1, 1981 to September 30, 1981, the notes will carry an interest rate of 15 1/16% per annum.

The interest due October 1, 1981, against coupon No. 3 will be US$386.02 and has been computed on the actual number of days elapsed (183) divided by 360.

The Principal Paying Agent,
SOCIETE GENERALE ALSACIENNE DE BANQUE

15, Av. E. Reuter,
Luxembourg.

PUBLIC NOTICES

BIRMINGHAM COUNCIL BILLS—£12.0m 91 day Bills issued 9th April, 1981 mature 9th July, 1981. Applications totalled £70m. Minimum accepted price £97.15½. Average rate of discount 11.41%. Total Bills outstanding £27.5m.

COUNTY OF CLEVELAND—£19.5m 91 day bills issued 8/4/81 due 8/7/81 at 11 29-64ths% p.a. Total applications £127m. No other bills outstanding.

MIDDLESBROUGH BOROUGH COUNCIL—£1,250,000 bills issued 8.4.81 at 11 [illegible]% to mature 8.7.81. Total applications were 5,000,000 and there are no bills outstanding.

SOUTHEND ON SEA BOROUGH COUNCIL—£900,000 bills issued 8.4.81 at 11 [illegible]% to mature 8.7.81. Total applications were 900,000 and these are the only bills outstanding.

EDUCATIONAL

CURRENCIES, MONEY and GOLD

Pound improves

Sterling continued to improve in currency markets yesterday as the prospect of an early decline in MLR receded following Tuesday's disappointing UK banking figures. This led to shortcovering, pushing the pound firmer against the dollar and European currencies.

Dollar lost ground to most major currencies, reflecting a fall in Euro-dollar interest rates and a lessening of tension over the *situation in Poland.*

European currencies improved against the dollar, but lost ground to sterling. Within the European Monetary System, the Belgian franc remained the weakest currency, but continued to improve and was within its permitted band against the D-mark and the French franc. The D-mark was against the strongest currency.

STERLING—trade weighted index (Bank of England) rose to 99.4 from 98.9, having stood at 99.3 at noon, and 99.1 in the morning. Sterling improved all round yesterday, rising to DM 4.70 against the D-mark from DM 4.6925, and FFr 11.0750 from FFr 11.0650. Against the dollar it opened at $2.1980, and had risen to $2.2050 by noon. During the afternoon it touched a best level of $2.2175, but came back on late dollar demand to close at $2.2025-2.2035, a rise of 90 points from Tuesday's close.

DOLLAR — *trade weighted* index (Bank of England) fell to 100.6 from 101.4. The dollar *showed a weaker tendency* for much of the day, but rose sharply in very late trading, stimulated by *interest in the U.S.* It was still down from Tuesday's levels though, closing at DM 2.1330 against the D-mark compared with DM 2.1380, but well up from the day's low of DM 2.1130. Similarly against the Swiss franc it finished at SwFr 1.9440 from SwFr 1.9520. The dollar was unchanged against the yen at Y213.50.

D-MARK—One of the *strongest* members of the European Monetary System, helped by a sharp rise *in West German* interest rates, and the introduction of a special Lombard *facility*. Against the dollar, however, the D-mark continues to weaken, as the situation in Poland causes increasing concern—The D-mark was firmer overall at yesterday's fixing *in* Frankfurt, while within the EMS it gained against two of its partners, lost *ground against* two, with the other two unchanged. Outside the system, sterling *rose to DM 4.68 from* DM 4.6710, but the dollar eased to DM 2.1233 from DM 2.1437. The *dollar eased* as the possibility of an imminent Soviet invasion of Poland receded. *There was also a narrowing of* differentials between German and U.S. interest rates.

BELGIAN FRANC—Weakest member of the EMS following the devaluation of the lira, but *showing signs of improvement* after the rise in Belgium's discount rate. The heavy central bank support seen earlier this year appears to have abated as the franc is now above its floor level against the D-mark and French franc. It is still outside its ECU divergence limit however—The Belgian franc was firmer at yesterday's fixing in Brussels, as confidence in the currency improved after the formation of a new Government. Pledges by the new Prime Minister to defend the franc, and launch a programme for economic recovery removed much of the pressure seen recently on the Belgian unit. The dollar was fixed lower at BFr 34.76 against BFr 35.1550, and the D-mark fell to BFr 16.3650 from BFr 16.3907½. Sterling was firmer at BFr 76.6 compared with BFr 76.575 at Tuesday's fixing.

THE POUND SPOT AND FORWARD

April 8	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.1980-2.2175	2.2025-2.2035	0.40-0.50c dis	−2.45	1.70-1.80dis	−3.18
Canada	2.6010-2.6220	2.6095-2.6105	1.05-1.15c dis	−5.06	3.15-3.30dis	−4.94
Nethlnd.	5.17-5.21	5.20-5.21	1c pm-par	1.15	2⅛-1⅛ pm	1.44
Belgium	76.40-76.90	76.60-76.70	90-110c dis	−15.65	140-160 dis	−7.83
Denmark	14.69-14.79	14.78-14.79	2¾-4ore dis	−2.54	9⅞-11⅝ dis	−2.91
Ireland	1.2785-1.2915	1.2846-1.2860	0.17-0.33p dis	−2.33	0.73-0.91dis	−2.55
W. Ger.	4.66-4.71	4.69½-4.70½	⅛pf pm-⅛ dis	−0.32	½ pm-½ dis	−0.11
Portugal	125.50-127.50	126.00-126.20	10c pm-65 dis	−2.62	30-155 dis	−3.57
Spain	189.20-190.80	189.20-189.40	45-80c dis	−3.96	180-235 dis	−4.38
Italy	2,328-2,342	2,330-2,332	12½-14½lire dis	−6.95	41½-44¼ dis	−7.33
Norway	11.90-12.00	11.98½-11.99½	¼ore pm-¼ dis	—	½ pm-1 dis	−0.04
France	11.06½-11.09½	11.07-11.08	¼-1¾c dis	−1.35	2¾-3¾ dis	−1.17
Sweden	10.20-10.28	10.23-10.24	2½-3½ore dis	−3.86	9¼-10⅞ dis	−3.91
Japan	465-475	470-471	2.20-2.00y pm	5.48	5.45-5.15 pm	4.50
Austria	33.00-33.25	33.02-33.07	3gro pm-1 dis	0.36	7pm-3 dis	0.24
Switz.	4.24½-4.29½	4.28-4.29	2-1c pm	4.20	4-3 pm	3.27

Belgian rate is for convertible francs. Financial franc 79.45-79.55. Six-month forward dollar 3.20-3.30c dis. 12-month 5.50-5.70c dis.

Denmark April 7 14.75½-14.76½ (close).

THE DOLLAR SPOT AND FORWARD

April 8	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.1980-2.2175	2.2025-2.2035	0.40-0.50c dis	−2.45	1.70-1.80dis	−3.18
Ireland†	1.7140-1.7276	1.7140-1.7160	0.05c pm-0.10dis	−0.17	0.25-0.40dis	−0.75
Canada	1.811-1.1840	1.1836-1.1839	0.18-0.23c dis	−2.08	0.45-0.50dis	−1.61
Nethlnd.	2.3430-2.3575	2.3440-2.3450	0.90-0.80c pm	4.35	2.85-2.75 pm	4.78
Belgium	34.53-34.82	34.77-34.79	35-50c dis	−14.74	35-55 dis	−5.20
Denmark	6.6575-6.6815	6.6600-6.6615	¼ore pm-¼ dis	—	0.90-0.40 pm	0.39
W. Ger.	2.1130-2.1340	2.1325-2.1335	0.39-0.33pf pm	2.02	1.53-1.47 pm	2.81
Portugal	57.15-57.60	57.15-57.30	15c pm-15c dis	—	30 pm-40dis	−0.35
Spain	85.80-86.20	86.00-86.10	5-15c dis	−1.39	10-25 dis	−0.81
Italy	1,055½-1,059	1,057-1,059	3-4lire dis	−3.98	11-12 dis	−4.36
Norway	5.4115-5.4370	5.4120-5.4140	1.40-0.90ore pm	2.55	4.65-4.15 pm	3.25
France	4.9825-5.0250	5.0170-5.0190	0.60-0.50c pm	1.32	2.40-2.15 pm	1.82
Sweden	4.6340-4.6600	4.6350-4.6365	0.35-0.55ore dis	−1.15	0.55-0.75dis	−0.56
Japan	212.70-213.70	213.45-213.55	1.45-1.30y pm	7.73	4.30-4.15 pm	7.91
Austria	14.96-15.04	14.97-14.98	4.40-3.10gro pm	3.01	14.75-11.25pm	3.47
Switz.	1.9220-1.9450	1.9435-1.9445	1.35-1.20c pm	7.87	3.80-3.40 pm	7.41

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

April 8	Bank of England Index	Morgan Guaranty Changes%
Sterling	99.4	−27.1
U.S. dollar	100.6	−3.5
Canadian dollar	86.3	−17.3
Austrian schilling	116.7	+23.1
Belgian franc	108.3	+9.5
Danish kroner	89.7	−10.0
Deutsche mark	121.3	+40.4
Swiss franc	135.6	+75.5
Guilder	112.5	+15.7
French franc	86.9	−9.6
Lira	59.6	−54.8
Yen	143.2	+58.9

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

April 7	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	12	0.557595	0.542603
U.S. $	13	1.21472	1.18070
Canadian $	16.74	1.43896	1.40350
Austria Sch.	6¾	18.4431	17.9231
Belgium F.	16	42.7035	41.5460
Danish K.	11	8.19329	7.97683
D mark	7½	2.60400	2.53403
Guilder	9	2.88800	2.80913
French Fr.	9½	6.14770	5.97908
Lira	19	1297.62	1261.58
Yen	6¼	259.464	252.139
Norwgn. Kr.	9	6.59593	6.41535
Spanish Pts.	8	105.805	102.898
Swedish Kr.	12	5.66849	5.51034
Swiss Fr.	4	2.37781	2.31359
Greek Dr'ch.	20½	—	61.7390

OTHER CURRENCIES

April 8	£	$		£ Note Rates
Argentina Peso	6755-6776	3050-3060	Austria	32.85-33.35
Australia Dollar	1.9040-1.9080	0.8630-0.8635	Belgium	79.30-80.10
Brazil Cruzeiro	172.50-173.50	77.90-78.29	Denmark	14.60-14.75
Finland Markka	9.0432-9.0537	4.086-4.087	France	10.96-11.06
Greek Drachma	112.383-115.248	51.70-51.90	Germany	4.65½-4.70
Hong Kong Dollar	11.7575-11.7775	5.3235-5.3265	Italy	2270-2340
Iran Rial	165.0*	75.75*	Japan	469-475
Kuwait Dinar(KD)	0.603-0.609	0.2749-0.2751	Netherlands	5.16-5.21
Luxembourg Frc.	76.60-76.70	34.77-34.79	Norway	11.88-12.00
Malaysia Dollar	5.079-5.091	2.3000-2.3020	Portugal	124-127
New Zealand Dlr	2.4235-2.4265	1.0975-1.0985	Spain	184½-196
Saudi Arab. Riyal	7.35-7.41	3.3480-3.3500	Sweden	10.20-10.30
Singapore Dollar	4.6225-4.6350	2.0935-2.0955	Switzerland	4.24-4.28½
Sth African Rand	1.7725-1.7745	0.8045-0.8055	United States	2.19½-2.21½
U.A.E. Dirham	8.06-8.12	3.6715-3.6735	Yugoslavia	76-82

Rate given for Argentina is free rate. *Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU April 8	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7985	41.4715	+1.65	+1.65	±1.5361
Danish Krone	7.91917	7.97527	+0.71	+0.71	±1.6413
German D-Mark	2.54502	2.53555	−0.37	−0.37	±1.1386
French Franc	5.99526	5.98220	−0.22	−0.22	±1.3639
Dutch Guilder	2.81318	2.81037	−0.10	−0.10	±1.5159
Irish Punt	0.685145	0.694298	+1.34	+1.34	±1.6688
Italian Lira	1262.92	1263.29	+0.03	+0.03	±4.1116

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

April 8	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.203	4.700	470.5	11.075	4.285	5.205	2331.	2.610	76.65
U.S. Dollar	0.454	1.	2.133	213.6	5.027	1.945	2.363	1058.	1.185	34.79
Deutschemark	0.213	0.469	1.	100.1	2.356	0.912	1.107	496.0	0.555	16.31
Japanese Yen 1,000	2.125	4.682	9.989	1000.	23.54	9.107	11.06	4954.	5.547	162.9
French Franc 10	0.903	1.989	4.244	424.8	10.	3.869	4.704	2105.	2.357	69.21
Swiss Franc	0.233	0.514	1.097	109.8	2.585	1.	1.215	544.0	0.609	17.89
Dutch Guilder	0.192	0.423	0.903	90.39	2.128	0.823	1.	447.8	0.501	14.73
Italian Lira 1,000	0.429	0.945	2.016	201.8	4.751	1.838	2.233	1000.	1.120	32.88
Canadian Dollar	0.383	0.844	1.801	180.3	4.243	1.645	1.994	893.1	1.	29.39
Belgian Franc 100	1.305	2.874	6.132	613.8	14.45	5.590	6.791	3041.	3.405	100.

FT LONDON INTERBANK FIXING (11.00 a.m. APRIL 8)

3 months U.S. dollars		6 months U.S. dollars	
bid 15 7/16	offer 15 9/16	bid 15 5/16	offer 15 7/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

April 8	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	11¼-11½	14¾-15	16½-17½	9⅞-10	16-17	11⅜-11½	12¼-12½	17-19	34-37	5½-6
7 days' notice	11¾-12	14⅞-15⅛	16½-17½	9⅞-10	7½-7¾	11⅝-11⅞	12¼-12½	17½-19	29-31	6⅜-6⅝
Month	12⅛-12 3/16	14¼-14½	17-17⅛	10-10⅛	7⅞-8	12 1/16-12 3/16	12¾-13	18½-19½	25-27	7-7¼
Three months	12 1/16-12¼	15⅛-15⅜	16⅝-17	10⅜-10½	8⅛-8¼	12¼-12⅜	13 1/16-13 5/16	19-20	18-20	7¼-7½
Six months	12⅛-12¼	15-15¼	15⅞-16¼	10½-10⅝	8⅛-8¼	12¼-12⅜	13⅜-15⅝	19¼-20¼	15-17	7⅝-7⅞
One Year	12⅛-12¼	14⅜-14⅝	15¼-15⅝	10½-10¾	7 15/16-8 1/16	11¾-11⅞	13½-15⅛	19-20	14½-16½	7⅞-8⅛

SDR linked deposits: one-month 12¾-13½ per cent; three months 13-13⅛ per cent; six months 13-13⅛ per cent; one-year 12¾-13⅞ per cent.

ECU linked deposits: one-month 13⅛-13½ per cent; three months 13 9/16-13 11/16 per cent; six months 13¼-13⅝ per cent; one-year 12 15/16-13 5/16 per cent.

Asian $ (closing rates in Singapore): one-month 14 7/16-14 9/16 per cent; three months 15 5/16-15 7/16 per cent; six months 15 3/16-15 5/16 per cent; one-year 14⅝-14¾ per cent. Long-term Eurodollar two years 14⅞-15⅛ per cent; three years 14⅞-15⅛ per cent; four years 14⅞-15⅛ per cent; five years 14⅞-15⅛ per cent; nominal closing rates. Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen; others two days' notice.

The following nominal rates were quoted for London dollar certificates of deposit: one month 14.95-15.05 per cent; three months 14.95-15.05 per cent; six months 14.80-14.90 per cent; one year 14.60-14.70 per cent.

INTERNATIONAL MONEY MARKET

Belgian borrowings

An indication of the recent heavy pressure on the Belgian franc was given in yesterday's weekly statement from the Belgian National Bank. The central bank borrowed a record BFr 19.6bn in very short term credits from the European Monetary and Co-operation Fund (FECOM) *last* week, and also spent the equivalent of BFr 3.4bn in the foreign exchange *market to defend the* franc. The FECOM borrowing was the first since the Belgian authorities drew BFr 1.87bn in one week towards the end of 1979, and represents the very short term credits *available to* members of the EMS to keep their currencies within agreed limits. Foreign *borrowings* last week totalled about BFr 17.4bn, leading to a rise to BFr 11bn in Belgium's foreign exchange reserves, while the FECOM borrowing was viewed as a short term need which will be quickly reimbursed.

In Frankfurt call money eased slightly to 11.90-12.00 per cent from 11.95-12.10 per cent, but period rates were *firmer*. The special Lombard facility remains open today at an unchanged 12 per cent.

In Paris the Bank of France announced an auction FFr 2bn of 12-month Treasury bills tomorrow, and *in* Amsterdam the Dutch Finance Ministry said it will open tenders for an issue of State bonds for subscription on April 14. The bonds have a maturity of 5½ years, and a coupon of 11½ per cent.

MONEY RATES

NEW YORK	
Prime Rate	17
Fed. Fund	14½-14¾
Treasury Bills (13-week)	13.24
Treasury Bills (26-week)	12.94
GERMANY	
Special Lombard	12.0
Overnight Rate	11.95
One month	12.80
Three months	13.35
Six months	13.10
FRANCE	
Intervention Rate	12.5
Overnight Rate	12.25
One month	13.00
Three months	13.25
Six months	13.125
JAPAN	
Discount Rate	8.25
Call (Unconditional)	7.3125
Bill Discount (three-month)	7.28125

UK MONEY MARKET

Small help

Bank of England Minimum Lending Rate 12 per cent (from March 10, 1981)

A small surplus of day-to-day funds was expected in the London money market yesterday, but credit flows are being distorted by the industrial action of civil servants, and in the event the authorities gave assistance *on a small scale*. The Bank of England bought Treasury bills, local authority bills and eligible bank *bills from the discount* houses, possibly leading to a surplus of funds to be carried over today.

The market was faced with the unwinding of a very large repurchase agreement on bills, and a small number of commercial bills maturing in official hands. *On the other hand Government* disbursements exceeded revenue payments to the Exchequer by a large amount, and banks brought forward moderate surplus balances.

Discount houses paid 11-11½ per cent for secured call loans at the start, with closing balances taken at 5-9 per cent.

GOLD

Further fall

Gold continued *to lose ground* in the London bullion market yesterday as tension over Poland *decreased. It closed at $508-511,* a fall of $3 an ounce, after opening at 510-513. Trading was dull *for most of the day with the* opening level the high of the day and the low around $505-507.

In Paris the 12½ kilo bar was fixed at FFr 86,200 per kilo ($535.09 per ounce) in the afternoon, compared with FFr 87,000 ($541.05) in the morning, and FFr 88,000 ($540.81) on Tuesday afternoon.

In Frankfurt the 12½ kilo bar *was fixed at DM 34,740* per kilo ($509 per ounce) against DM 35,770 ($519.03), and closed *at $507-510 compared with $512-*515.

In Zurich gold finished at $507-*510 against $512-515.*

	April 8		April 7	
Gold Bullion (fine ounce)				
Close	$508-511	(£229¾-231)	$511-514	(£233¼-234¾)
Opening	$510-513	(£231½-233)	$522-525	(£239-241)
Morning fixing	$508	(£230.365)	$517	(£237.156)
Afternoon fixing	$508.50	(£229.654)	$514.25	(£235.462)
Gold Coins				
Krugerrand	$523-524	(£236¾-237¼)	$530-532	(£241¾-242½)
1/2 Krugerrand	$270-271	(£122¼-122¾)	$275-274	(£124½-125)
1/4 Krugerrand	$137½-138½	(£62¼-62¾)	$138-140	(£63¼-63¾)
1/10 Krugerrand	$58-59	(£26¼-26¾)	$58-59	(£26½-27)
Mapleleaf	$518-519	(£234½-235)	$525-526	(£239¼-239¾)
New Sovereigns	$127¼-128¼	(£57½-58)	$128¾-129¾	(£58¾-59¼)
King Sovereigns	$147-149	(£66½-67½)	$147½-149½	(£67¼-68¼)
Victoria Sovs.	$147-149	(£66½-67½)	$147½-149½	(£67¼-68¼)
French 20s	$172-175	(£77¾-79¼)	$172-175	(£78½-79¾)
50 pesos Mexico	$631-635	(£285¾-288)	$633-638	(£288½-291)
100 Cor. Austria	$495-500	(£224-226½)	$498-503	(£227-229¼)
$20 Eagles	$624-629	(£282½-284¾)	$625-630	(£285-287¼)

LONDON MONEY RATES

April 8 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	5-11½	11⅛-11½	—	—	9-11¾	5-11½	—	—	—
2 days notice	—	—	11⅞	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	11⅝-12	12	—	12¼	12¼-12⅜	11⅝-11¾	—	—	—
One month	12 3/16-12 1/16	12⅛-12¼	12⅛	13¼-12⅞	12 7/16	12⅝-12⅝	11 3/4	11 9/16	11 23/32-11⅞	12 9/16
Two months	12¼-12 3/16	12⅛-12¼	—	13-12⅝	12 7/16	12½-12⅝	11½	11½	11 7/16	12⅝
Three months	12¼-12 3/16	12 5/16-12 3/16	12 5/16-12¼	12¾-12½	12 7/16	12½-13⅝	11⅝	11 7/16	11⅝	12¼
Six months	12⅛-11 15/16	12¼-12 7/16	12-12⅛	13⅜-12⅛	12⅜	12½	—	—	11¼	11¾
Nine months	12-11⅞	12-12 3/16	—	12⅜-12⅛	12⅝	12½	—	—	—	—
One year	12-11⅞	12-12 1/16	12⅛	13⅜-12⅛	12⅝	12½	—	—	—	—
Two years	—	—	12½	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 12⅞-12¾ per cent; four years 12⅞ per cent; five years 13-13⅛ per cent. ♦Bank bill rates in table are buying rates for prime paper. *Buying rates for four months bank bills 11⅝ per cent; four months trade bills* 12⅝ per cent.

Approximate selling rate for one-month Treasury bills 11 7/16 per cent; two months 11⅜ per cent; three months 11 5/16-11⅜ per cent. *Approximate selling rate for one-month bank bills* 11½-11 25/32 per cent; two months 11 11/16-11½ per cent; three months 11½-11 9/16 per cent; one-month trade bills 12 5/16 per cent; two months 12⅝ per cent and three months 12 per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 13 per cent from April 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 9 per cent. Clearing Bank Rates for lending 12 per cent. Treasury Bills: Average tender rates of discount 11.4276 per cent.

WORLD STOCK MARKETS

Early Wall St. rally of 3.7

WITH INVESTORS buying recently depressed issues, Wall Street tended to improve in fairly active early dealings yesterday. However, the wide interest rate swing in the credit market in the prior two sessions was still making investors show some caution awaiting clear signs about the future direction of rates.

The Dow Jones Industrial Average picked up 3.69 to 996.58 at noon, while the NYSE All Common Index rallied 32 cents to $77.62 and gains exceeded declines by an eight-to-five margin. Trading volume increased to 28.76m shares from Tuesday's mid-day figure of 25.66m.

Tensions appear to have eased in Poland, but analysts said the situation there holds the potential to re-emerge as a negative at any time. Meanwhile, investors focused on developments in individual issues.

American Telephone continued to lead the actives list, rising 1⅜ to $53⅝, while General Telephone added ⅜ at $27 in active trading.

K Mart climbed ⅜ to $21½ and American Airlines ⅜ to $15⅜. Also on the actives list, Sony put on ½ to $18½ and IBM ⅜ to $60⅜.

Celanese slipped ¼ to $66 after reporting flat first-quarter profits.

Colt Industries rose ⅞ to $57⅞ before a trading halt. It said its specialty steel operations lost money in the first quarter. Bethlehem Steel hardened ⅜ to $28⅝ despite news that two of its blast furnaces were damaged by a power failure.

THE AMERICAN SE Market Value Index put on 1.44 to 365.19 at noon on volume of 2.76m shares (3.01m).

Canada

After the recent declining trend, markets showed a bias to higher levels yesterday morning in busy trading. The Toronto Composite index recovered 6.9 to 2,356.6 at noon, while Oil and Gas rallied 30.4 to 4,579.3, but Golds receded 46.4 to 4,266.2.

United Asbestos rose C$1 to C$12¼. It said on Tuesday that it is considering various options, including the possible sale of the company.

Closing prices for North America were not available for this edition.

Tokyo

An easing of political tension in Poland and the relatively stable condition of the yen against the U.S. dollar prompted heavy fresh foreign purchases of selected leading Japanese stocks, with domestic financial institutions and smaller investors also actively buying.

Turnover soared to a record 1,300m shares from Tuesday's heavy level of 780m as the Nikkei-Dow Jones Average climbed 50.16 further to reach a new all-time peak of 7,508.52, exceeding the 7,500 mark for the first time.

The Tokyo SE index moved ahead 5.61 to 544.32, but this was again not representative of the overall market trend as declines outpaced rises by 361 to 303 on the First Market Section.

Large-capital issues in the Steels, Heavy Electric Machines and Shipbuildings sectors continued to attract a good deal of the buying, along with a good number of other Blue Chips. Motors scored particularly sharp gains, reflecting smooth negotiations on Japanese car exports with the U.S.

Nippon Steel rose Y10 to Y187, Hitachi Y14 to Y460, Mitsubishi Electric Y17 to Y315, Kawasaki Heavy Y15 to Y217, Toshiba Y10 to Y346 and Mitsubishi Heavy Y21 to Y243.

Among Motors, Toyota jumped Y91 to Y968, Honda Y59 to Y759 and Nissan Y33 to Y745.

Synthetic Fibres, Chemicals, Real Estates and Electric Powers were also buoyant groups, with Asahi Chemical advancing Y11 to Y267, Toray Y6 to Y319, Kansai Electric Power Y38 to Y945, Tokyo Electric Power Y27 to Y950, Heiwa Real Estate Y16 to Y578 and Mitsubishi Real Estate Y19 to Y430. Tokyo Marine moved ahead Y22 to Y695.

Recently strong Light Electricals, Precision Instruments and Pharmaceuticals, however, were again mixed after profit-taking. Sony climbed Y80 to Y3,900, but TDK Electronic shed Y50 to Y4,100.

Oils and Coals, firm of late on the tension in Poland, lost ground in reflection of the easing situation.

Germany

Shares generally advanced in active trading, with brokers pointing to easing tension in Poland, firming prices on the U.S. bond market and on upturn on West German Bond markets. The Commerzbank index put on 7.1 to close at a new 1981 peak of 711.6.

Machine Makers registered some of the largest gains of the day, possibly on industry expressions of optimism at the close of the Hanover Fair this week. GHH paced the sector, surging DM 8, while Babcock rose DM 6, Mannesmann DM 5.50 and KHD DM 3.60.

Daimler Benz led higher Motors with a sharp rise of DM 8.20, followed by an increase of DM 3.30 for Volkswagen. Brokers said Motor shares were particularly sought after by investors from oil producing Arab countries.

Varta jumped DM 8.50 in Electricals.

The Domestic Bond market responded to lower U.S. interest rates, with Public Authority paper gaining up to 50 pfennigs. Mark Foreign Bonds gained up to half-a-point.

Australia

The Oil and Gas sector again fell sharply yesterday, still highly unsettled by the very discouraging report on cost estimates for developing the Rundle oil shale deposits. The Minings group was also particularly depressed, partly reflecting the fall in Gold Bullion prices overnight. However, Industrials were mixed to firmer.

The Australian All Ordinaries index lost 9.0 to 722.3, Oil and Gas 18.1 to 1,026.9 and Metals and Minerals 21.3 to 627.2.

Central Pacific, down A$1.55 in the past two days, shed 25 cents more to A$2.25, while its Rundle oil shale partner, Southern Pacific Petroleum was 7 cents lower at 98 cents, making a three-day fall of 97 cents, but both ended above the day's worst.

Moonie Oil fell A$1.50 to A$14.50, Crusader Oil 40 cents to A$7.10, Hartogen Energy 40 cents to A$9.40, Santos 80 cents to A$22.50, Vamgas 50 cents to A$8.60 and Woodside Petroleum 12 cents to A$2.63.

Gold Miner GMK receded 30 cents to A$7.50, while Consolidated Goldfields dipped 50 cents to A$6.20.

Elsewhere in Minings, CRA retreated 20 cents to A$4.70 and its takeover target Hammersley 20 cents to A$4.40, while Bougainville shed 13 cents to A$1.65 and MIM 20 cents to A$4.80.

Carlton and United Breweries rose 15 cents more to A$3.00 amid takeover talk.

Hong Kong

Shares continued to weaken in a fairly active half-day trading session yesterday. The Hang Seng index lost 32.97 more to 1,347.11 for a two-day fall of about 62 points.

News of Hong Kong Bank's £500m bid for Royal Bank of Scotland was cautiously received, with the HK Bank share price shedding 30 cents to HK$15.30.

Among other leaders, Cheung Kong receded another HK$1.00 to HK$30.75 following its 1980 results. Jardine Matheson fell HK$1.10 to HK$21.00, Hong Kong Land 50 cents to HK$10.70 ahead of 1980 results, due today, and Hutchison Whampoa 30 cents to HK$14.40.

Sino Land, on its first day's trading, fell from its opening price of HK$1.60 to touch HK$1.38 before closing at HK$1.48.

Johannesburg

Gold shares continued to decline in light trading in line with the Bullion price. Kloof lost R2 to R34.

NEW YORK

Stock	April 7	April 6
Cities Service	44½	44¼
City Investg	24⅞	24½
Clark Equipment	36	36¼
Cleve Cliffs Iron	40¼	40⅝
Clorox	12⅝	12½
Cluett Peaby	13½	13
Coca Cola	37	37
Coca Btl.N.Y.	9⅝	9⅝
Colgate Palm	15¾	15¾
Collins Aikman	11⅛	10⅝
Colt Inds.	56⅞	56⅞

Stock	April 7	April 6
Geosource	56½	56¾
Gerber Prod.	28	27½
Getty Oil	70¾	71¼
Giddings Lewis	34⅝	35½
Gillette	31⅝	31⅝
Global Marine	59¾	56⅛
Goodrich (BF)	26	25½
Goodyear Tire	18⅞	18⅞
Gould	28	27⅝
Grace	53⅛	53⅝
Grainger (WW)	40⅛	39½

Stock	April 7	April 6
McLean Trukg.	10⅝	
Mead	32⅛	
Media Genl.	33¾	34½
Medtronic	40¼	39⅝
Mellon Natl.	35⅝	35⅝
Melville	43⅞	45⅝
Memorex	11⅞	11⅞
Mercantile Sts.	40	39½
Merck	90⅞	89¼
Meredith	59¾	60⅛
Merrill Lynch	35⅛	34¾

Stock	April 7	April 6
Safeway Stores	35⅝	35¾
St. Joe Minerals	54	54⅛
St. Paul Cos.	39¾	39⅝
St. Regis Paper	38	38⅛
Santa Fe Inds.	93¼	93⅝
Santa Fe Intl.	23¾	23¾
Saul Invest.	9½	9½
Saxon Inds.	6¾	6⅝
Schering Plough	35	35

Stock	April 7	April 6
Winnebago	4	4⅛
Wisc Elec Power	22¾	22⅝
Woolworth	25⅛	25½
Wrigley	35	35
Wyly	12⅞	13
Xerox	55⅝	56¾
Yellow Frt Sys.	16⅞	16⅞
Zapata	29⅝	30
Zenith Radio	17¼	17¼

CANADA

Stock	April 7	April 6
Abitibi	26⅝	27¼
Agnico Eagle	15⅝	14¼
Alcan Alumin.	44	44½
Algoma Steel	47	47
Asbestos	38¾	39⅝
Bk Montreal	30⅝	30⅝

BELGIUM (continued)

April 8	Price Frs.	+ or —
Petrofina	4,680	+10
Royale Belge	4,280	-120
Soc Gen Banq.	2,025	+35
Soc Gen Belge	1,122	+2
Sofina	2,900	—40
Solvay	2,330	......

HOLLAND

April 8	Price Fls.	+ or —
ACF Holding	75	—1
Ahold	74.5	—0.5
AKZO	22.9	+0.7
ABN	288	......
AMEV	93.4	—0.1
AMRO	55.8	+0.1

AUSTRALIA

April 8	Price Aust. $	+ or —
ANZ Group	4.78	......
Acrow Aust	1.17	......
Allstate Expl	1.25	......
Ampol Pet	1.92	—0.01
Assoc. Pulp Pap.	2.45	......
Audimco	0.18	—0.02
Aust. Cons. Ind.	2.10	......

JAPAN (continued)

April 8	Price Yen	+ or —
Kubota	353	+2
Kumagai	381	—4
Kyoto Ceramic	3,720	....
Lion	440	—10
Maeda Cons.	600	—14
Makita	916	—9
Marubeni	372	—9

Indices

NEW YORK —DOW JONES

	Apr. 7	Apr. 6	Apr. 3	Apr. 2	April 1	Mar. 31	1981 High	1981 Low	Since Cmpil't'n High	Since Cmpil't'n Low
♦Industr'ls	992.69	994.24	1007.11	1009.1	1014.14	1003.87	1015.22 (26/6)	951.67 (13/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds	61.34	61.23	61.53	61.62	62.04	61.99	63.79 (15/1)	61.23 (6/4)	—	—
Transport.	434.89	432.10	438.71	440.35	439.08	437.62	440.35 (2/4)	379.19 (20/2)	440.35 (2/4/81)	12.23 (8/7/32)
Utilities	109.10	108.95	109.46	110.05	109.79	109.02	117.81 (5/1)	105.41 (25/2)	163.32 (20/4/69)	10.5 (28/4/42)
TradingVol 000's†	44,640	43,190	48,880	52,670	54,980	50,960	—	—	—	—

♦Day's high 1004.41 low 987.03

Ind. div. yield %	Apr. 3	Mar. 27	Mar. 20	Year ago (approx
	5.50	5.57	5.58	6.30

STANDARD AND POORS

	Apr. 7	Apr. 6	Apr. 3	Apr. 2	April 1	Mar. 31	1981 High	1981 Low	Since Cmpil't n High	Since Cmpil't n Low
‡Indust'ls	151.76	151.80	153.56	154.54	154.86	154.19	157.02 (6/1)	146.73 (2/2)	160.96 (28/11/80)	3.52 (30/6/32)
Composite	133.91	133.86	135.49	136.32	136.57	136.00	138.12 (6/1)	126.58 (20.2)	140.52 (28/11/80)	4.40 (1/6/32)

	Apr. 1	Mar. 25	Mar. 18	Year ago (approx
Ind. div. yield %	4.47	4.44	4.54	5.76
Ind. P/E Ratio	9.64	9.68	9.45	7.19
Long Gov. Bond Yield	12.46	12.63	11.91	12.24

N.Y.S.E. ALL COMMON

Apr. 7	Apr. 6	Apr. 3	Apr. 2	1981 High	1981 Low
77.30	77.29	78.14	78.57	79.14 (6/1)	72.45 (20/2)

Rises and Falls	Apr. 7	Apr. 6	Apr. 3
Issues Traded	1,917	1,921	1,890
Rises	740	389	631
Falls	770	1,231	886
Unchanged	407	301	373
New Highs	53	35	93
New Lows	4	8	4

MONTREAL

	Apr. 7	Apr. 6	Apr. 3	Apr. 2	1981 High	1981 Low
Industrials	395.02	385.94	399.06	399.25	399.25 (2/4)	356.26 (20/2)
Combined	369.34	370.39	373.01	373.66	373.66 (2/4)	339.34 (20/2)
TORONTO Composite	2348.7	2358.5	2374.2	2375.2	2375.2 (2/4)	2151.4 (20/2)

	Apr. 8	Apr. 7	Apr. 6	Apr. 3	1981 High	1981 Low
AUSTRALIA						
All Ord. (1/1/80)	722.3	731.3	737.5	728.1	737.3 (6/4)	641.1 (17/2)
Metal & Minrls. (1/1/80)	127.2	646.5	655.5	644.9	736.2 (7/1)	654.9 (3/3)
AUSTRIA						
Credit Aktien (2/1/62)	61.91	61.95	62.27	62.45	66.43 (5/1)	61.91 (8/4)
BELGIUM						
Belgian SE (31/12/63)	92.54	92.47	92.55	92.92	98.15 (17/2)	92.18 (31/3)
DENMARK						
Copenhagen SE (1/1/73)	108.32	108.88	109.25	109.25	109.25 (3/4)	95.88 (2/1)
FRANCE						
CAC General (29/12/61)	108.6	107.8	108.1	108.70	112.5 (17/3)	103.1 (29/1)
Ind Tendance (31/12/80)	101.7	101.2	101.0	101.40	108.8 (13/3)	95.4 (27/1)
GERMANY						
FAZ-Aktien (31/12/58)	230.36	226.09	229.41	228.07	230.36 (8/4)	215.88 (9/2)
Commerzbank(Dec.1953)	711.6	704.5	707.4	705.40	711.6 (8/4)	666.4 (16/2)
HOLLAND						
ANP-CBS General (1970)	89.1	88.8	89.1	90.0	90.5 (28/2)	85.7 (2/1)
ANP-CBS Indust. (1970)	68.4	66.4	66.6	66.6	66.8 (2/4)	62.8 (2/1)
HONG KONG						
Hang Seng Bank (31/7/64)	1347.11	1380.08	(c)	1409.06	1650.82 (4/2)	1295.44 (11/3)
ITALY						
Banca Comm. Ital (1972)	247.59	246.23	250.92	252.86	252.86 (3/4)	175.36 (6/1)
JAPAN						
Dow Average (16/5/49)	7508.52	7458.36	7447.74	7421.19	7508.52 (8/4)	6956.62 (16/3)
Tokyo New SE (4/1/68)	544.32	538.71	537.14	536.15	544.32 (8/4)	495.79 (5/1)
NORWAY						
Oslo SE (1/1/72)	118.37	118.41	118.56	118.85	124.16 (3/3)	116.22 (13/2)
SINGAPORE						
Straits Times (1966)	838.52	851.76	835.52	834.72	836.52 (6/4)	658.52 (2/1)
SOUTH AFRICA						
Gold (1958)	(u)	659.5	(c)	865.7	797.6 (7/1)	661.3 (3/3)
Industrial (1958)	(u)	622.2	(c)	622.4	622.4 (3/4)	537.2 (3/2)
SPAIN						
Madrid SE (30/12/88)	112.48	112.35	(c)	111.88	114.26 (17/2)	100.48 (2/1)
SWEDEN						
Jacobson & P. (1/1/58)	480.36	475.88	475.22	480.4	493.61 (25/3)	404.17 (20/1)
SWITZERLAND						
Swiss BankCpn.(31/12/58)	302.8	301.2	303.4	304.2	304.2 (2/4)	287.0 (13/2)
WORLD						
Capital Intl. (1/1/70)	—	157.4	157.3	159.2	162.3 (6/1)	145.5 (17/2)

Base values of all indices are 100 except Australia All Ordinary and Metals—500; NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. (c) Closed.

NEW YORK ACTIVE STOCKS

Tuesday	Stocks traded	Closing price	Change on day
Am. Tel. & Tel.	259,800	52⅝	+1⅜
IBM	503,600	60	— ⅜
Citicorp	512,900	22	+ ⅛
Ramada Inns	468,200	10	+ ⅛
Gulf Oil	453,000	34⅞	— ⅛
Texas Intnl.	403,900	39⅞	—2¼
American Can.	402,300	44	+1⅞
General Motors	400,200	53¼	+ ⅞
NLT	386,400	34	+1⅜
Am. Home Prd.	380,300	34	+ ⅞

COMMODITIES AND AGRICULTURE

Poor nations seek food aid contracts

By Larry Klinger in Brussels

TENSIONS between Western industrial nations and developing countries over food and economic aid are likely to dominate this week's ministerial meeting under the Lomé Convention—the EEC's special trade and aid arrangement with 61 African, Caribbean and Pacific Ocean countries.

The European Community will again be faced at the meeting in Luxembourg today and tomorrow with demands for long-term contracts for subsidised food from EEC surpluses to be paid for in local currencies, but the EEC is likely to respond with an offer of arrangements limited only to a year's duration.

The demand is long-standing but is likely to be pressed with greater determination this year because it will come up concurrently with the meeting's scheduled wide-ranging debate on world hunger and in the knowledge that the issue will figure in the first-ever North-South summit meeting to be held in Mexico during October.

The EEC will argue that its food supplies are not so great that long-term commitments could preclude the Community's being able to provide emergency aid in times of famine, floods and earthquakes.

Also behind European Commission thinking, though less obvious in its public argument, are fears that long-term fixed-rate contracts could encourage even greater over-production by Europe's farmers at a time when agricultural subsidies are the main strain on the EEC's hard-pressed finances.

Other issues expected to cause friction at the ministerial meeting, the first for nearly two years, are demands for an extension of the STABEX scheme for the EEC to cover shortfalls in ACP export prices and for the retention of EEC sugar import quotas for the countries which failed to meet them in the past.

The STABEX scheme provides for EEC aid to compensate ACP countries for an unexpected fall in world prices. The ACP countries want the plan extended to cover extra products such as tobacco, sisal, nutmeg, mace and citrus fruits.

Under the second five-year Convention that came into effect at the beginning of this year (Lome II), it had been agreed that the STABEX arrangements would be unchanged for a year.

EEC lifts sugar export subsidy

BY JOHN EDWARDS, COMMODITIES EDITOR

THE EEC Commission yesterday stepped up the subsidy allocated on exports of surplus white sugar to 11.734 European currency units per 100 kilos when authorising sales of 71,750 tonnes at its weekly selling tender. It also gave a subsidy of 8.969 units on exports of 10,000 tonnes of raw beet sugar.

Last week the EEC switched over to granting subsidies on sugar exports for the first time since last May when it gave a rebate of 4.461 units on sales of 75,500 tonnes of white sugar. This means the Commission has now resumed paying out on disposing of the Community sugar surplus instead of earning revenue to boost funds.

The EEC decision to give increased subsidies pushed world sugar values on the London futures market yesterday to the lowest levels for over a year.

The August futures price closed at £210.125 a tonne yesterday after having traded at £214 earlier in the day. In fact the market opened on a slightly firmer note, with the London daily price for raw sugar being lifted by £2 to £214 in the morning.

Traders said the rise in the EEC export subsidy was as expected, since it was in line with the decline in world market values during the past week; the subsidy granted is supposed to bridge the gap between world and EEC prices in order to allow Common Market sales to be competitive while the export levies previously imposed brought EEC prices, up to world levels.

It is calculated that the EEC still has some 800,000 tonnes of surplus sugar to dispose of this season, plus probably a further 300,000 tonnes previously authorised to export under licences that are unlikely to be taken up in view of the dramatic fall in the world market.

UK lamb exporters ready to quit

BY RICHARD MOONEY

BRITISH LAMB exporters will abandon the battle to hold on to their share of the Continental market on April 21 if the export levy on UK lamb is not reduced by then.

The Association of British Abattoir Owners, whose members account for 80 per cent of lamb exports, told Mr. Peter Walker, the Minister of Agriculture, this week that exports to other EEC countries would already have been halted if exporters had not been willing to accept temporary financial losses in an effort to retain their connections with European buyers.

Under the regime, British lamb producers receive a deficiency payment equal to the difference between the market price and the EEC guarantee level. But if the meat is subsequently exported to an EEC country the deficiency payment has to be repaid to the Common Market farm fund. This means that exporters, if they are to make a profit, need to sell at the guarantee level, which is substantially higher than the price they needed to charge prior to the regime when smaller British deficiency payments were not "clawed back."

Markets won at the old price have been lost as a result, and weekly exports to the Community have shrunk from a pre-regime level of around 45,000 carcases to 15,000 carcases at present. Only in France, where an import levy was charged previously, have sales improved. But this has nowhere near compensated for sales losses in West Germany and Belgium.

The Association said its members had been taking losses to maintain a stake in these markets in the hope that some adjustment would be made to the "clawback" arrangement. But the 7.5 per cent rise in the sheepmeat guarantee agreed in Brussels last week would add 13p a kilo to the claw-back and exporters could afford to incur losses no longer.

Disease check in Wales

By Our Commodities Staff

GOVERNMENT scientists were yesterday checking samples from sheep on a Welsh farm to determine whether or not they were suffering from foot-and-mouth disease. But their owner was hopeful that the tests would prove negative.

Mr. Evan Lewis, of Argoed Farm, Tregynon, Powys, whose 500 sheep have been injected against the disease as a precautionary measure, said: "The vets who were here yesterday (Tuesday) did not think the sheep had foot-and-mouth, but they were puzzled as to just what is wrong with them. There has been lameness in the flock and there is always foot-rot in sheep, but they don't seem to think it is that."

Results of the tests are expected today. If they are negative, and if there are no further confirmed cases, the current disease alert could be over by early next week.

The scare started with a confirmed outbreak on the Isle of Wight more than two weeks ago which resulted in a 1,000-sq mile animal movement ban being imposed on the island and parts of Hampshire and Dorset. This has since been narrowed to the island itself and 21 individual farms on the mainland which had bought suspected contact animals, plus a five-mile radius around Argoed Farm.

U.S. plans boost silver

By Roy Hodson

SILVER MARKETS reacted yesterday to the news from Washington that the Reagan Administration plans to sell 15m ounces of stockpiled silver by next September and 52m ounces in each of the following two years. The intention is to conclude the sales plan by selling 21m ounces in the 1984 fiscal year.

The proposed sales—which require Congressional approval—were detailed in a White House report giving additional facts about the U.S. Budget revisions.

The Administration plans to sell all the silver now in the strategic stockpile with sales being made at an average of 1m ounces a week.

In London spot silver bullion firmed sharply from early lows yesterday to 1,196 U.S. cents an ounce at the fix—the same as the previous day.

Zinc cash price fell by £2.50 on the London Metal Exchange to £379 a tonne

World food crisis warning

BY JAMES BUXTON IN ROME

WORLD cereal harvests need to increase by at least 8 per cent this year to meet rising demand and rebuild food stocks to acceptably safe levels, the Director-General of the United Nations Food and Agriculture Organisation (FAO), Mr. Edouard Saouma, told its world security committee in Rome yesterday.

Mr. Saouma said the world food situation was "precarious." For two successive seasons the world had produced less cereals than it consumed and stocks would therefore be drastically reduced once again. The expected cereal carry-over of 213m tonnes at the end of 1980-81 season would be barely sufficient to keep supply channels filled until the 1981 crops reached markets, he said.

"Food security in 1981-82 will depend more on the outcome of the present seasons crops than at any time since the world food crisis of 1973/74," Mr. Saouma said.

The FAO, is preparing different sets of emergency procedures for allocating food stocks in the event of a food crisis whether this year or in years to come.

Mr. Saouma, told the committee that these "precautionary steps" were all the more necessary because of the lack of progress towards a new International Wheat Trade Convention, which could provide a firm system for reserve stocks and stable prices. But no details of FAO's new procedures have been released.

In the meantime Mr. Saouma appealed for progress in implementing the FAO's plan of action on world food security through the existence of nationally held, internationally co-ordinated stocks. This was a proposal which the FAO made two years ago after the failure of the International Wheat Council to reach a new Wheat Convention, but which has made little progress.

However FAO has slightly improved its previously gloomy forecast for the 1981 cereal harvest, saying that the upper end of the forecast range for wheat production of between 1,160m and 1,280m tonnes could be reached, provided there are good rains in the next few months.

The FAO's previously published forecast for these categories were at the lower end of this range. But it now says that planting of wheat and coarse grains are higher than in 1980 and that weather has generally been favourable, including in the U.S.

Nevertheless the FAO has warned that other main cereal crops, especially maize and rice, have still to be sown.

With the improving prospects for this year the attention of FAO is turning to longer term precautionary measures against food shortage.

Eastern bloc forced to revise farm output targets

BY BRIJ KHINDARIA IN GENEVA

POOR agricultural performance in Eastern European countries, including the Soviet Union, and failure to meet targets in both farming and industry, has forced governments to take emergency measures and to scale down some of the targets.

The economic difficulties became so serious in the second half of last year that "a new set of policies, largely of an emergency nature" were installed, a United Nations report says.

The report by the UN Economic Commission for Europe, ECE—which groups 34 countries of Western and Eastern Europe, and the U.S., Canada and the Soviet Union—said the most important problems in the farming sector stem from a slowdown in the base of livestock breeding and rising costs.

The emergency measures set aside some cherished targets as a response to immediate problems faced by farms and industries providing inputs for the farming sector. A growing worry for Soviet authorities is the possibility of big meat shortages in future years, because of continuing fodder and feedgrain shortages for livestock breeding.

The Soviet Union has traditionally been dogged by troubles in feedgrain production and has relied heavily on imports to fill the gap. "In fact, the gap between fodder demand and supply has widened in recent years. Poor harvests have faced the farm sector with a choice between slaughtering animals—thus losing several years in rebuilding the herds—or importing grains, and thus maintaining livestock numbers even in difficult years," the report says.

Imports have so far kept drops in animal production to less than 1 per cent, but livestock is fed at "25 to 30 per cent below rational feeding norms," it adds. Since imports are becoming more expensive and difficult to obtain, economic plans now give top priority to improving domestic output and encouraging other Eastern European countries to become important producers.

Reflecting their growing worries, Soviet planners have published a special food supply programme, which combines guidelines for the overall development of agriculture, of the branches of industry that affect agriculture, and of the procurement, storage, transport and processing of farm products. It also includes measures to improve food processing industries and retail trade in food.

To reduce bureaucratic intervention and to streamline production, planners have decided to cut back the number of targets laid down by central authorities as of this year. Only overall targets will be laid down by them, giving farm managers more flexibility in their day to day operations.

Agricultural prices are being increased to make food production more profitable as of this year. Under a special scheme which came into force last January, fod producers who sell more than last year's levels will be given a 50 per cent bonus in the form of higher prices.

Three out of five previous years have seen falling growth in agricultural output in Eastern block countries. Soviet grain production has fallen about 15m tonnes short of planned targets for three years running. The biggest difficulties were in the feedgrain and fodder areas — holding back livestock and reducing feed supplies.

The Soviet Union remains the Eastern block's largest grain producer with 57 per cent of total output in 1979, and annual averages exceeding 205 million tonnes, according to government figures.

But planned targets for 1981—nearly 243 million tonnes of grain output — "appear rather ambitious" because they presume normal weather conditions, the report says. The Soviet Union also wants to increase meat production by about 14 per cent to 17.5 million tonnes and milk output by the same percentage to 98m tonnes.

The most remarkable feature of Eastern block agricultural development, especially that in the Soviet Union, has been the increased use of machinery in production methods although labour and land productivity has fallen.

But the profitability of farm production has declined because of higher costs.

Pact likely as Soviet needs grow

WASHINGTON — A new, larger estimate of Soviet Union grain import needs may increase the likelihood of renewing the five-year U.S.-USSR grain supply agreement, according to a recent study

In a study on estimates of Soviet imports in 1980/85, Padma Desai said average annual forecasts of Soviet grain imports for 1981/82-1985/86 may be 18m to 20m tonnes.

She said the USSR annually imported an average 16.4m tonnes of grain between 1971/72-1979/80.

In each year of the current five-year pact, the USSR purchased much more than they were allowed to buy without consultation. Under the agreement, the Soviet Union could buy up to 8m tonnes without consulting the U.S.

If a new U.S.-USSR supply agreement is negotiated, it would probably raise the amount of grain the Soviet Union is required to buy. Now, the USSR must buy at least 6m tonnes of grains.

The study warned that chilly U.S.-USSR relations and the embargo may encourage Soviet leaders to decrease their dependence on U.S. grains.

The study also said Third World countries should be concerned about the USSR's continued large grain imports, for if in the future a poor Soviet harvest coincides with bad harvests in grain exporting countries, supplies to developing countries would be disrupted.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Moved narrowly on the London Metal Exchange with the market mainly reflecting currency fluctuations. Three months edged up to £864.5 on the morning Kerb but thereafter drifted to close the late Kerb at £860. Turnover: 17,425 tonnes.

COPPER	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Wirebars				
Cash	842.5-3	−1.5	838-9	−2
3 months	863.5-4	−1.5	859.5-60	−1.75
Settlem't	843	−1.5	—	......
Cathodes				
Cash	836-.5	−1	830-2	−3
3 months	851.5-3	−.5	847.5-8	−.5
Settlem't	836.5	−1	—	......
U.S. Prod	—		*87-92	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £844, three months £861, 62, 61.5, 63, 63.5, 63, 64, 63.5. Cathodes, cash £836, three months £851, 52. Kerb: Wirebars, three months £863.5, 64, 64.5. Afternoon: Wirebars, three months £863, 63.5, 59, 59.5, 60. Cathodes, three months £847.5. Kerb: Wirebars, three months £859, 59.5, 60, 60.5.

TIN—Quietly steady with forward metal easing to close the late Kerb at £6,340 on light U.S. selling. Turnover: 745 tonnes.

TIN	a.m. Official	+ or −	p.m. Unofficial	+ or −
High Grade	£	£	£	£
Cash	6325-30	+27.5	6285-95	+15
3 months	6370-5	+20	6340-5	−15
Settlem't	6330	+25	—	......
Standard				
Cash	6325-30	+27.5	6285-95	+15
3 months	6370-5	+20	6340-5	−15
Settlem't	6330	+25	—	......
Straits E.	$631.16	+0.17	—	......
New York	—	......		

Morning: Standard, cash £6,325, three months £6,370. Kerb: Standard, three months £6,370, 65. Afternoon: Standard, three months £6,350, 40. Kerb: Standard, three months £6,340.

LEAD—Edged higher on light, fresh buying which left forward metal at £358 on the late Kerb. Turnover: 15,575 tonnes.

LEAD	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Cash	352.5-3	+6.5	351.5-2	+3.25
3 months	357-8	+5.75	357.25-.5	+5.62
S'ment	353	+6.5	—	......
U.S. Spot	—	......	*35	......

Morning: Cash £352, 52.5, three months £354, 54.5, 55, 56, 57. Kerb: Three months £357, 57.5, 58, 57, 58. Afternoon: Cash £351.5, three months £357, 57.5, 57.25, 57. Kerb: Three months £357.5, 57, 56.5, 56.

ZINC—Marginally easier on balance. Profit-taking saw three months ease from £389 to £382 on the pre-market, but the market subsequently rallied to £390 on news that Vieille Montagne and Metallgesellschaft have followed the major zinc producers and increased their producer prices to $875 a tonne. In the afternoon the market met renewed profit-taking, however, and forward metal dipped to close the late Kerb at £386. Turnover: 21,850 tonnes.

ZINC	a.m. Official	+ or −	p.m. Unoffic'l	+ or −
	£	£	£	£
Cash	379-.5	−4.5	378.5-9.5	−2.5
3 months	388-.5	−4.25	388.5-9	−2
S'ment	379.5	−4.5	—	......
Primw'ts	—	......	*43.5	......

Morning: Three months £390, 89, 88.5, 88. Kerb: Three months £388, 87. Afternoon: Three months £387, 88, 89. Kerb: Three months £389, 87, 86.

ALUMINIUM—Little changed with forward metal closing the late Kerb at £652.5. Turnover: 8,225 tonnes.

Morning: Three months £650, 53. Kerb: Three months £653. Afternoon: Three months £651, 50. Kerb: Three months £650, 50.5, 52.

Alumin'm	a.m. Official	+ or −	p.m. Unoffic'l	+ or −
	£	£	£	£
Spot	643-4	−3	640-1	−3
3 months	652-3	−3.25	650-1	−3

NICKEL—Easier in subdued trading which saw forward metal drift from £2,900 to close the late Kerb at £2,890. Turnover: 456 tonnes.

NICKEL	a.m. Official	+ or −	p.m. Unoffic'l	+ or −
Spot	2880-5	−5	2865-70	−27.5
3 months	2898-900	−18.5	2890-5	+5

Morning: Cash £2,880, three months £2,905, 2,900. Afternoon: Cash £2,875, 70, three months £2,895.

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

SILVER

Silver was fixed 7.1p an ounce lower for spot delivery in the London bullion market yesterday at 542.3p. U.S. equivalents of the fixing levels were: spot $11.96, unchanged; three-month $12.4, down 2.5c; six-month $12.96, up 7.5c; and 12-month $13.837, up 9.8c. The metal opened at 527-536p ($11.6-11.8) and closed at 524-533p ($11.6-11.8).

SILVER per troy oz.	Bullion fixing price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	542.30p	−7.1	527.5p	−14
3 months	558.30p	−7.3	542.5p	−15
6 months	579.10p	−2.8	—	......
12 months	615.30p	−2.8	—	......

LME—Turnover 144 (89) lots of 10,000 ozs. Morning: Cash 534.5; three months 540, 50, 52, 51, 50, 49, 48. Kerb: Three months 548, 47. Afternoon: Three months 548, 43, 42. Kerb: Three months 543, 42, 43.

COCOA

Futures opened stronger than expected, unchanged from the previous night, but later eased on arbitrage selling as sterling strengthened for prices to close with losses of £10. First hand physical business was largely neglected but nearby resale cocoa continued to trade at strong differentials, reports Gill and Duffus.

COCOA	Yes'rday's Close	+ or −	Business Done
May	929-30	−4.0	938-25
July	951-52	−6.0	957-50
Sept.	970-71	−7.0	977-69
Dec.	991-92	−8.0	999-91
March	1013-15	−6.5	1020-13
May	1031-33	−6.0	1037-31
July	1046-52	−6.5	1055

Sales: 2,856 (2,202) lots of 10 tonnes.

ICCO Futures—Daily price for April 7: 94.53 (95.56); five-day average 95.82 (95.99).

COFFEE

Marginal losses on the opening reflected a slightly higher New York close, report Drexel Burnham. Early strength in sterling appeared to be neglected as the market consolidated in a narrow range. A weaker than anticipated New York opening influenced some small scale dealer selling which was absorbed by trade buying around the lower levels.

COFFEE	Yesterday's Close	+ or −	Business Done
	£ per tonne		
May	1056-57	......	1062-53
Jul	1056-57	+2.0	1059-53
Sept	1055-57	+2.5	1058-52
Nov	1055-56	+4.5	1056-52
Jan	1055-56	+3.0	1056-51
March	1046-57	+1.5	—
May	1040-60	−5.0	1062-60

Sales: 1,223 (1,588) lots of 5 tonnes.

ICO Indicator prices for April 7: (U.S. cents per pound). Other Mild Arabicas 127.00 (126.50); Robustas ICA 1976 114.25 (same); ICA 1968 114.50 (same). Unwashed Arabicas unquoted (218.50). Comp. daily ICA 1968 unquoted.

GAS OIL FUTURES

The market opened fairly steady reflecting stronger New York close, but during the course of the day the market encountered further selling pressure taking it to lows. On the close short covering, in thin conditions, lifted the market $2 from the lows, reported Premier Man.

Month	Yesterd'ys close	+ or −	Business Done
	$ U.S. per tonne		
June	299.75	+2.25	298.00-92.75
July	304.25	......	300.00-06.00
August	309.25	+1.00	308.00-11.00
September	315.75	+0.50	315.50-16.50
October	321.25	......	320.75-21.25
November	326.75	......	326.50
December	332.50	......	330.50-33.50
January	336.75	−1.00	334.00-38.50
February	340.50	−0.50	344.00

Turnover: — (941) lots of 100 tonnes each.

GRAINS

Old crop wheat opened 30-40p higher. Values increased in fairly active trading to close £1.35-1.50 higher on the day. Barley also saw good buying interest and closed about steady 40p higher on the day. New crops opened 10p up. Wheat increased values 40p on the day. Hedge selling on barley halted on rally and values closed unchanged to 20p higher, the main selling pressure being on Sept. Acli reports.

	WHEAT		BARLEY	
Mnth	Yesterd'ys close	+ or −	Yesterday close	+ or −
May	116.50	+1.55	100.00	+0.40
July	120.45	+1.50	—	......
Sep	101.40	+0.35	95.70	......
Nov	105.05	+0.40	99.35	+0.05
Jan	108.95	+0.40	103.00	+0.15
Mar	112.75	+0.40	106.65	+0.20

Business done—Wheat: May 118.40-117.25, July 120.65-119.35, Sept. 101.40-101.15, Nov. 105.00-104.80, Jan. 109.00-108.90, March 112.75-112.65. Sales: 431 lots of 100 tonnes. Barley: May 100.10-99.75, Sept. 95.80-95.65, Nov. 99.35-99.25, Jan. 103.00 one trade, March 106.65-106.45. Sales: 165 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Hard Winter 13½ per cent May 105.50, June 105.25 transhipment East Coast sellers. English Feed fob May 170.00 East Coast seller. Maize: French April 125.00 transhipment East Coast seller. Barley: English Feed fob April 102.50, May 104.00 and 104.25 paid East Coast. Aug. 96.50 East Coast seller. Rest unquoted.

HGCA—Locational ex-farm spot prices. Other milling wheat: Eastern 115.00, E. Midlands 116.00 Feed barley: Eastern 100.00, E. Midlands 99.00, N. East 99.60, Scotland 99.80. The UK Monetary Coefficient for the week beginning Monday, April 13, 1981 is expected to remain unchanged.

RUBBER

The London physical market opened about unchanged, with little interest, closing quiet. Lewis and Peat reported an fob April price for No. 1 RSS in Kuala Lumpur of 259.5 (258.5) cents a kg and SMR 20 at 239.0 (239.5).

No 1. R.S.S.	Yest'r'ys close	Previous close	Business Done
May	52.20-53.00	52.40-53.00	—
June	53.00-54.00	53.40-54.00	—
Jly-Sept	55.90-56.00	56.00-56.10	56.90-55.90
Oct-Dec	58.80-59.10	58.20-59.50	58.90-58.80
Jan-Mar	61.80-62.00	62.20-62.30	63.00-62.10
Apl-Jne	64.80-64.90	65.10-65.20	65.60-65.30
Jly-Sept	67.60-67.80	67.70-67.80	68.50-68.20
Oct-Dec	70.50-70.70	70.60-71.00	71.00-70.90
Jan-Mar	73.30-73.60	73.80-73.90	—

Sales: 334 (470) at 15 tonnes, nil (same) at 5 tonnes. Physical closing prices (buyer) were: Spot 51.50p (same), May 54.75p (55.00p), June 55.25p (55.50p).

SOYABEAN MEAL

The market opened with gains of £1.50-£2 on Commission House buying, reports T. G. Roddick. Continuing concern over dry weather reports kept the market firm but trade selling took prices off highs and it closed at opening levels.

	Yesterdys Close	+ or −	Business Done
	£ per tonne		
April	132.50-33.0	+3.5	133.00-132.50
June	132.00-32.4	+1.3	133.70-131.80
August	135.90-36.1	+1.75	137.00-135.50
October	138.10-38.5	+2.15	139.00-138.50
December	139.00-40.0	+1.8	139.00-138.00
February	140.00-42.0	+1.75	—
April	140.00-45.0	+1.25	—

Sales: 182 (128) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £214.00 (£212.00) a tonne cif April-May shipments. White sugar daily price £226.00 (£227.00).

Initial trades were at overnight levels before scattered Commission House buying lifted prices some £2-£3. However, heavier offerings at the higher levels blunted the advance and prices eased again. Later prices recovered following day trade short-covering at the close, reports C. Czarnikow.

No. 4 Con-tract	Yest'rdy's Close	Previous Close	Business Done
	£ per tonne		
May	211.90-11.10	212.50-13.00	215.50-07.50
Aug.	211.80-10.25	211.75-12.00	214.00-07.00
Oct.	208.50-08.00	211.75-12.00	213.75-06.00
Jan.	204.50-05.00	209.75-10.00	—
March	204.25-04.50	208.55-08.75	211.00-02.00
May	205.25-05.75	209.00-09.75	209.00-01.00
Aug	205.00-06.00	208.75-10.00	—

Sales: 8,575 (9,670) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was 342.6 (same) a tonne for home trade and £288.50 (£287.50) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean port. Prices for April 7: Daily price 19.22 (19.37); 15-day average 21.41 (21.60).

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kilo. May 485.0, 486.0, 487.0-486.0 July 487.5, 488.0, 488.0-486.5; Oct. 483.0, 484.0, 484.0-483.0; Dec. 487.0, 488.0, 487.0-486.5; March 494.0, 495.0, 495.0-494.0; May 499.0, 500.0, 501.0-500.0; July 503.0, 505.0, 503.5-503.5; Oct. 503.0, 507.0, Nil. Sales 93.

LONDON NEW ZEALAND CROSSBREDS—Close (in order buyer, seller, business) New Zealand cents per kilo. May 351, 353, 351-350; Aug. 365, 367, 365-364; Oct. 368, 369, 369-368; Dec. 378, 379, 379-376; Jan. 380, 383, 382-379; March 384, 386, 385-384; May 389, 391, 390-387; Aug. 390, 392, 391-389; Oct. 393, 395, 394-393. Sales 81.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 315 tonnes, bringing the total for the week so far to 458 tonnes. Much freer demand developed, buyers assumed that lower price levels had come to say. Middle Eastern growths were in constant request accompanied by persistent interest in African and South American styles.

POTATOES

LONDON POTATO FUTURES — All interest was in April which expired at midday, leaving 5 lots to tender. Price movement was erratic in a relatively narrow range, closing at the top of the range. New crop drifted with lack of interest, reports Coley and Harper. Closing prices: April 51.00 expired (high 51.00, low 50.00): Nov. 58.50, −20 (high 58.60, low 58.50); Feb. 66.70, −60 (high 66.80, low 66.70). Turnover: 71 (147) lots of 40 tonnes.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 73.0 to 75.0; English hindquarters 89.0 to 93.0; Ulster hindquarters 90.0 to 93.0, forequaters 55.0 to 57.0; Eire hindquarters 89.0 to 91.0, forequaters 55.0 to 57.0. Veal: Dutch hinds and ends 114.0 to 120.0. Lamb: English small 70.0 to 80.0, medium 72.0 to 78.0, heavy 62.0 to 76.0. Imported Frozen: New Zealand PL 60.0 to 61.0, PM 59.0 to 59.0. Pork: English, under 100 lb 47.0 to 50.5, 100-120 lb 44.0 to 49.0, 120-160 lb 42.5 to 49.9.

Meat commission—Average Fatstock prices at representative markets on April 8. GB—Cattle 94.13p per kg lw (+2.52). UK—Sheep 178.65p per kg est dcw (+0.63). GB—Pigs 74.85p per kg lw (+1.09).

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Oranges—Jaffa: Shamoutis/V. Lates 50/189 4.85-5.25; Spania: Navels 48/100 4.20-4.80; Cypriot: V. Lates 80/120 3.20-3.50; Moroccan: Lates 64/113 3.80-4.40. Lemons—Spania: Treya 25/54 1.80-2.20; 15-kg boxes 5.00; Cypriot: 10 kg 4.00-4.40; Californian: 95/140 6.50; Italian: 100/120 4.00; S. African: 80/100 5.80; Jaffa: 5.80. Grapefruit—Cypriot: 20 kg 40/64 3.40-3.80; English Produce: Potatoes—Per bag 1.80-2.20. Mushrooms—Per lb 0.50-0.06. Apples—Per lb Bramleys 0.06-0.14, Spartans 0.12-0.15, Cox's Orange Pippins 0.14-0.28. Pears—Per lb Conference 0.08-0.15. Cabbages—Per bag 1.40, White cabbages 2.40. Beetroots—Per bag 1.40-1.80. Lettuce—Per 12 round 1.20-1.60. Tomatoes—Per 12 lb English, per lb D 0.65, E 0.60. Cucumbers—Per 12/16 2.00-2.80. Leeks—Per 10 lb 2.00. Rhubarb—Per lb, outdoor 0.08-0.10. Carrots—Per 28 lb 2.40-3.00. Onions—Per bag 3.60-4.50. Celery—Per pack naked 18/18 1.50-1.80. Swedes—Per 28 lb Devon 0.75-1.00. Parsnips—Per 28 lb 2.00-2.40. Turnips—Per 28 lb 1.20-1.50. Cauliflowers—Per 28 lb Kent 2.20-2.40.

*

GRIMSBY FISH—Supply poor, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £3.00-£3.50, codlings £2.00-£2.80. Large haddock £4.40-£4.80, medium £3.60-£4.20, small £1.60-£2.90. Best small plaice £2.40-£3.00. Lemon soles (large) £11.00, (medium) £9.50. Saithe £1.00-£2.20.

PRICE CHANGES

	Apr. 8 1981	+ or −	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1425/1455	......	$1445/475
Copper			
Cash w'bar	£838.5	−2	£794.5
3 mths	£859.75	−1.75	£817.75
Cash Cathode	£831	−3	£789.5
3 mths	£847.75	−0.5	£804.5
Gold troy oz	$509.5	−5	$475.5
Lead Cash	£351.75	+3.25	£319.5
3 mths	£357.375	+4.625	£327.75
Nickel	£3,379.50	......	£3,358.65
Freemkt	290/305c	......	275/286c
Platin'mtr'y oz	£213.5	......	£213.50
Freemkt	£285.75	−7.8	£311.05
Quicksilver†	$415/420	......	$405/415
Silver troy oz	542.30p	−7.1	529.60p
3 mths	558.30p	−7.3	545.50p
Tin Cash	£6,290	+15	£6,065
3 mths	£6,342.5	−15	£6,161
Tungsten 22.04lb	$149.08	......	$145.47
Wolfrm 22.04 lbs	$147/149	......	$151/155
Zinc Cash	£379	−2.5	£353.5
3 mths	£388.75	......	£344.75
Producers	$825/875	......	$825
Oils			
Coconut (Phil)	$555u		$575
Groundnut	‡		‡
Linseed Crude	‡		£413
Palm Malayan	$565x	+5	$605
Seeds			
Copra Philip	$370	+5	$390
Soyabean (U.S.)	$328	+7.5	$306
Grains			
Barley Futures	‡	......	£100.10
Maize			
French	£125		‡
Wheat			
No 1 Red Spg	‡		‡
No2 Hard Wint	£105.5v		103.50
Eng. Milling†	‡		‡
Other commodities			
Cocoa ship't	£1,025	−4	£1,007
Future July	£951.5	−8	£911.5
Coffee F't July	£1066.5	+2	£1011
Cotton A Index	88.90c	−0.5	92.60c
Rubber (kilo)	51.5p	......	58p
Sugar (Raw)	£214.0	+2	£227
Woolt'ps 64s kl	319p kilo	......	324p kilo

† Unquoted. u May-June. x June. w April-May. v May. z Indicator. § Buyer. ¥ Per 46 lb flask. * Nominal.

AMERICAN MARKETS

Tuesday's closing prices

NEW YORK, April 7.

Precious metals and copper sold heavily as the situation in Poland eased. Sugar finished moderately lower on Commission House selling. The livestock complex closed mixed with most of the pressure concentrated on cattle because of slow cash markets. Heavy stop-loss selling depressed cocoa while coffee advanced moderately on dealer and trade interest. Grains and soyabeans gained because of slow cash markets. Heavy of moisture. Cotton rallied in sympathy with the grains on light trade buying. Heating oil recovered from early losses on prospects of an extended coal strike and suspended oil shipments by Kuwait, reported by Heinold.

††Cocoa—May 1945 (2022), July 2009 (2075), Sept. 2059, Dec. 2114, March 2168, May 2213, July 2268. Sales: 5,887.

Coffee—"C" Contract: May 124.90-125.00 (124.81), July 124.80-125.10 (124.78), Sept. 124.90-125.00, Dec. 123.30-123.50, March 122.25-122.50, May 122.00-122.50, July 122.25-122.26, Sept. 122.00-123.00. Sales: 1,909.

Copper—April 83.75 (84.40), May 84.60-84.80 (85.40), June 85.85, July 87.00-87.15, Sept. 89.30, Dec. 92.50-93.00, Jan. 93.95, March 96.25, May 98.25, July 100.25, Sept. 102.25, Dec. 105.20, Jan. 107.70. Sales: 10,000.

Cotton—No. 2: May 87.40-87.50 (86.72), July 88.55-88.70 (87.88), Oct. 86.30, Dec. 83.90-84.00, March 84.70-84.80, May 85.35-85.45, July 86.25-86.35. Sales: 7,250.

*Gold—April 511.5-513.0 (526.6), May 516.5 (531.8), June 522.0-523.5, Aug. 534.5-535.0, Oct. 548.7, Dec. 561.0, Feb. 575.1, April 588.4, June 600.0, Aug. 615.3, Oct. 628.8, Dec. 642.5, Feb. 656.5. Sales: 40,000.

Heating oil (cents per U.S. gallon)—May 0.9660 (0.9650), June 0.9746 (0.9700), July 0.9881, Aug. 1.0000, Sept. 1.0200, Oct. 1.0390, Nov. 1.0575, Dec. 1.0766, Jan. 1.1000, Feb. 1.1175, Mar. 1.1350. Sales: 4,052.

Mc24 US Markets 8 and 9 — —

Orange Juice—May 152.90-153.20 (154.25), July 154.30-154.50 (157.00), Sept. 153.80, Nov. 150.00, Jan. 147.50-148.00, March 148.50-149.00, May 149.25-149.75, July 150.00-150.40, Sept. 150.10-150.50. Sales: 2,200.

*Platinum—April 493.5 (492.8), May nil (nil), June nil, July 509.90-510.00, Oct. 529.5, Jan. 549.5, April 569.5. Sales: 2,534.

Potatoes (round whites)—Nov. 82.1-82.3 (83.6), Feb. 92.6-94.0 (94.5), March 98.0-98.2, April 112.4.

†Silver—April 118.50 (122.35), May 119.00-119.40 (123.50), June 120.80, July 122.30-122.40, Sept. 125.80, Dec. 130.40-130.60, Jan. 131.85, March 135.00, May 138.15, July 141.30, Sept. 144.45, Dec. 149.15. Handy and Harman bullion spot: 1,167.00 (1,227.00). Sales: 4,600.

Sugar—No. 11: May 19.30-19.45 (19.40), July 19.25-19.35 (19.45), Sept. 19.20-19.25, Oct. 19.15-19.20, Jan. 18.85-19.00, March 18.95-19.05, May 19.05-19.10, July 19.25-19.35, Sept. 19.25-19.60. Sales: 12,083.

Tin—638.00-642.00 (635.00-638.00).

CHICAGO, April 7.

Lard—Chicago loose 19.25 (same).

Chicago Imm Gold—April 526.7 (526.7), May nil (nil), June 522.0-523.0, July 545.3, Sept. 542.0-541.5, Oct. 549.0, Dec. 561.0-560.5, Jan. 585.3, March 581.0, April 605.4.

Live Cattle—April 62.95-63.00 (63.85), June 68.45-68.50 (68.92), Aug. 69.35-69.45, Oct. 67.70-67.90, Dec. 69.45-69.50, Feb. 70.40, April 71.00.

Live Hogs—April 44.00-43.80 (42.77), June 50.20-50.00 (50.15), July 52.65-52.50, Aug. 53.00-52.85, Oct. 53.50-53.40, Dec. 56.60-56.50, Feb. 58.35, April 57.60, June 59.40.

‡‡Maize—May 371-372 (362¾), July 382-382½ (372¾), Sept. 389¾-389¼, Dec. 393½-393½, March 403½-403¾, May 407½.

Pork Bellies—May 57.00 (55.00), July 58.15 (56.15), Aug. 57.77, Feb. 72.40-72.10, March 72.10, May 73.25, July 74.00.

†Soyabeans—May 809-807 (782), July 834-832 (807), Aug. 843-844, Sept. 851-852, Nov. 868-866½, Jan. 885-884½, March 907, May 921.

‖Soyabean Meal—May 229.8-229.9 (223.3), July 238.0-238.6 (231.6), Aug. 241.5, Sept. 244.5-245.0, Oct. 248.0, Dec. 252.0-252.5, Jan. 254.5, March 258.0, May 260.0-261.0.

Soyabean Oil—May 25.23-25.28 (24.72), July 26.08-26.05 (25.47), Aug. 26.35, Sept. 26.65, Oct. 26.90, Dec. 27.65-27.70, Jan. 27.75, March 28.50-28.60, May 29.00-29.05, July 29.50-29.60.

†Wheat—May 447½-448 (431½), July 453-454 (440), Sept. 468-469, Dec. 491-490½, March 509.

WINNIPEG, April 7.

§Barley—May 148.20 (146.50), July 149.00 (147.10), Oct. 147.50, Dec. 147.80, March 147.00.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen. †† $ per metric ton.

EUROPEAN MARKETS

ROTTERDAM, April 8.

Wheat—U.S. Two Dark Hard Winter 13.5 per cent April/May/June $212, July $211. U.S. No. Two Red Winter April/May $214, June/July $195. U.S. No. Two Northern Spring 14 per cent April $210.50, May $209, June $211, July $212, Aug. $213, Sept. $215, Oct. $219, Nov. $221.

Maize—U.S. No. Three Corn Yellow May $166 traded, afloat $167, April $164.50, May $166.50, June $171, July/Sept. $176.25, Oct./Dec. $179, Jan./March $181 sellers.

Soyabeans—U.S. Two Yellow Gulfports afloat April $322, May $324.50, June $328.50, July $331.50, Aug. $335, Sept. $338.50, Oct. $342.50, Nov. $343.50, Dec. $349.25, Jan. $354, Feb. $361, March $364.

Soyameal—44 per cent protein U.S. afloat $283, April $277 traded, March $281, April $277, June $281, April/Sept. $282.50, Nov.-March $303. Brazil Pellets afloat $296, Mid-March/Mid-April $285, April $292, May $290, April/Sept. $294.50 sellers.

PARIS, April 8.

Cocoa—(FFr per 100 kilos): May 1010-1020, July 1035-1045, Sept. 1080-1088, Dec. 1095-1110, March 1115-1135, May 1135-1155. Sales at call: Nil.

Sugar—(FFr per tonne): May 2400-2418, July 2360-2410, Aug. 2350-2355, Oct. 2305-2315, Nov. 2285-2330, Dec. 2245-2250, March 2295-2305, May 2300-2340. Sales at call: 34.

INDICES

FINANCIAL TIMES

April 7	April 6	Month ago	Year ago
262.52	263.15	256.99	290.7

(Base: July 1, 1952=100).

MOODY'S

April 7	April 6	Month ago	Year ago
1124.9	1128.8	1130.7	1135.9

(December 31, 1931=100)

DOW JONES

Dow Jones	April 7	April 6	Month ago	Year ago
Spot	414.64	415.07	412.03	408.44
Fut'rs	425.62	424.01	423.49	426.33

(Average 1924-25-26=100)

REUTERS

April 8	April 7	M'nth ago	Year ago
1699.1	1695.5	1704.6	1724.4

(Base: September 18, 1931=100).

Equities rebound sharply as markets reassess banking figures and index closes 13.6 higher at 539.4

Account Dealing Dates

Option

*First Dealings	Declara-tions	Last Dealings	Account Day
Mar. 30	Apr. 8	Apr. 9	Apr. 21
Apr. 10	Apr. 29	Apr. 30	May 11
May 1	May 14	May 15	May 26

* "New time" dealings may take place from 9 am two business days earlier.

London equity markets rebounded sharply yesterday following a reassessment of the mid-March banking figures. The view that the ¾ per cent increase in money supply may not impair the chance of an early reduction in Minimum Lending Rate revived investment confidence, and leading equities were quick to respond to fresh buying enthusiasm in the prevailing thin market conditions. Lessened tension over Poland was another helpful factor.

Reflecting initial uncertainty after the previous three-day setback, leading issues were again inclined easier at the opening. The reaction, however, proved short-lived and values later improved strongly to close at the day's best. The FT 30-share index advanced almost without interruption to finish 13.6 up at 539.4, or 2.5 off last Thursday's two-year high of 541.9. The FT-Actuaries All-Share index gained 1.4 per cent to 313.77, slightly below its record peak. Demand was usually light, the day's advance being largely technical because of stock shortage in the absence of recent sellers.

Overall, conditions were reasonably lively and numerous movements in response to company trading announcements provided the day's main features. Selective institutional support was evident, while occasional "new-time" buying was in progress for the three-week trading Account starting tomorrow. Royal Bank of Scotland were extremely active on the counter-bid from Hongkong and Shanghai, but closed well below the value of the share exchange offer on doubts that it will go through.

Gilt-edged securities also joined in the rally, but the recovery here was noticeably less enthusiastic. Interest was probably restrained by the need to conserve funds for tomorrow's call of £460m on Treasury 12 per cent 1986. Quotations at the long end of the market edged higher in quiet trading and closed with gains of ⅛ to ¼, while mediums were similarly dearer. The shorter maturities fared little better in the way of activity, but also closed marginally firmer.

South African gold shares weakened on U.S. selling and the Gold Mines index fell 16.8 for a two-day drop of 43.9 to 339.3.

Business in Traded options was well distributed among those stocks in issue. Total contracts amounted to 1,097. Oils were particularly active with BP and Shell recording 140 and 142 trades respectively, while Lonrho attracted 171 deals, 100 of which were struck in the May 110's.

British Aerospace came in for fresh investment support and rose 5 to 202p. Metal Bulletin, which staged a satisfactory debut in the Unlisted Securities Market on Tuesday, firmed 4 to 99p which compares with the placing price of 84p.

The possibility that the authorities may not be prepared to sanction Hongkong and Shanghai's counter bid resulted in Royal Bank of Scotland opening at 178p compared with the share-exchange terms worth around 216p per share; however, a heavy two-way trade ensued and the close 173p, 5 up on the overnight price, while Hong Kong picked up 3 to 135p. Original bidders Standard Chartered ended 5 off at 661p. Elsewhere, Bank of Scotland jumped 20 to 343p on buying ahead of next Tuesday's annual results. Barclays, 405p, and Lloyds, 345p, put on 9 apiece, while NatWest added 7 to 355p and Midland 6 to 312p.

Mail-orders buoyant

Building issues moved ahead on revived interest rate optimism, Blue Circle firming 8 to 418p and Tarmac 7 to 339p. London Brick, down 5 on Tuesday on nervous selling in front of the preliminary results, gained 6 to 81p following the better-than-expected profits. Elsewhere, Higgs and Hill put on 11 to 118p in response to the return to profitability and increased dividend, while MDW gained 7 to 97p on "new-time" interest. IDC firmed 5 to 87p. The return to profits and the proposed £721,000 rights issue prompted a gain of 7 to 28p in British Dredging.

ICI encountered small persistent buying and rose 12 to 264p, while Yorkshire Chemical shed a penny to 27p following the annual loss and dividend omission.

Leading Stores attracted a steady trade and closed with modest gains. Gussies A, dull of late, rallied 5 to 475p, while Woolworths revived with a gain of 3½ to 62½p. Press comment lifted Debenhams 4 more to 98p. Mail-orders found support following company trading statements. Preliminary profits from Grattan Warehouses proved to be better than the market had feared and the close was 12 higher at 84p. Empire, also reporting annual results, were helped by the maintenance of the dividend and rose to 138p before settling for a net gain of 4 at 136p. Freemans advanced 8 to 130p in sympathy. Among D-I-Y issues, A. G. Stanley firmed 4 to 80p following full-year earnings above market estimates. Peters eased to 112p in response to the substantial reduction in first-half profits, but the maintained dividend and confident statement clipped the loss to 4 at 114p.

Electrical leaders were well to the fore in the upsurge. Some early buying, some on institutional account, found stock in short supply and double-figure gains were recorded. BICC were outstanding at 252p, up 18, following the chairman's encouraging statement which accompanied the expected good results. Publicity given to a broker's favourable circular left Thorn-EMI 10 higher at 360p, while Plessey jumped 12 to 334p and GEC added 7 at 675p, after 678p. Elsewhere, Lec Refrigeration rose 8 to 136p in response to the increased dividend and profits and Dowding and Mills hardened 2 to 25p as the maintained dividend countered the lower profits.

Hawker led the rallying movement in Engineerings, rising 12 to 324p in active trading; the preliminary results are due next Wednesday. Vickers rose 5 to 170p while John Brown, 88p, and GKN, 147p, retrieved 4 apiece. Tubes moved against the trend, however, finishing 4 lower at 206p. Elsewhere, Greenbank rose 5 to 27p on news of the increased final dividend and Aurora improved 4 to 34p as the profits contraction proved less than expected. Glynwed eased to 97p on the dividend reduction but rallied on consideration of the satisfactory profits to close a net 2½ better at 100p. Serck hardened 2 to 39p on Press comment and Haden Carrier rallied 8 to 276p.

British Sugar touched 312p before closing a net 8 up at 310p awaiting news of the takeover intentions of S. and W. Berisford which slipped to 110p before rallying to close a penny dearer on balance at 114p. Elsewhere in Foods, Cadbury Schweppes came in for support and rose 3 to 94p.

Bowater up again

Miscellaneous Industrial leaders staged a strong rally, largely on technical considerations. Bowater again attracted good buying ahead of today's preliminary results and touched 256p before closing 5 up on balance at 250p. Turner and Newall rose 6 afresh to 94p to the accompaniment once more of talk of a bid from a South African concern. Beecham put on 6 to 183p and Glaxo rose 8 to 316p, after 318p: the latter's interim figures are expected on Monday. Unilever put on 10 to 518p and Reed International improved 5 to 225p. Elsewhere, Walker and Homer advanced 1¼ to 8¼p in response to the strong first-half profits recovery, while Erskine House added 4 afresh to 56p with sentiment still buoyed by the recent announcement that Capital for Industry has acquired a near-15 per cent stake. Reflecting Press comment, Office and Electronic added 8 to 350p. BTR put on 8 to 482p on investment support, but Royal Worcester fell 10 to 260p on the disappointing results.

Horizon Travel, an unsettled market of late, gained 12 to 258p following the Chancellor's denial that he was considering levying VAT on foreign holidays.

York Trailer remained a firm market at 15p, up 2, in the wake of the Canadian parent's decision to sell its 60 per cent stake in the company. Distributors eased. Godfrey Davis fell 5 to 88p on profit-taking, while Dorada shed 3 at 33p after announcing a full-year deficit and omitting the final dividend.

Leading Properties attracted a reasonable two-way business, but closed little changed. Elsewhere, Rosehaugh shed 6 to 302p on rights issue rumours. Dares Estates improved 1½ to 25p following an investment recommendation.

Oils rally

Recently depressed Oils staged a useful rally on demand which extended into the late dealings. British Petroleum were 14 better at 376p and Shell 16 firmer at 364p. Burmah picked up 8 to 157p; the annual results are due next Wednesday. Lasmo improved 17 to 547p and Ultramar 10 to 480p, while Tricentrol gained 8 to 270p. Elsewhere, Premier added 4 to 84p following the latest Warradong No. 1 well drilling report, while onshore explorer Carless Capel revived and gained 9 to 131p.

Overseas Traders were featured by Gill and Duffus which rose 10 to 200p following the increased preliminary profits and dividend. Support was also forthcoming for Lonrho, 95p, for Ocean Wilsons, 52p, both up 3, but further considerations of last week's disapopinting annual results clipped that much from William Jacks, 18p.

Courtaulds closed 3 dearer at a 1981 peak of 66p. Elsewhere in Textiles, S. Jerome spurted 10 to 104p following the annual results and one-for-five scrip issue.

Plantations responded to strong Far-Eastern demand. Harrisons and Crosfield added 38 to 850p, while Harrisons Malaysian Estates closed 16 better at 218p. Barlow, 112p, and London Sumatra, 373p rose 7 and 13 respectively, while Sennah were marked 30 higher at 703p.

Golds down again

Mining markets sustained a further setback as the bullion price gave up $3 more to $509.50 an ounce. South African Golds were marked-down at the outset, reflecting overnight U.S. selling, and continued to lose ground throughout the day on lack of interest. The Gold Mines index dropped 16.8 more to 339.3 for a two-day fall of 43.9.

In the heavyweights, Vaal Reefs were particularly weak with a fall of £1¾ to £30½, while losses of between a point and £1½ were common to West Driefontein, £34¾, President Steyn, £18¾, and St. Helena, £16¾.

South African Financials mirrored the performance of Golds. GFSA gave up £1¾ to £31¾ reflecting the 21 per cent decline in profits from the Gold Fields mines in the March quarter.

The London Financials were easier initially but subsequently staged a recovery as the UK equity market moved sharply higher.

In Central Africans, MTD (Mangula) dropped 16 to 54p following the sharp contraction in half-year profits and hte passing of the interim dividend.

Australians were marginally easier with the notable exceptions of Central Pacific Minerals and Southern Pacific Petroleum which rallied on bear-closing after two days of heavy losses in the wake of the problems at the Rundle oil-shale deposit in Queensland.

Central Pacific rose 10 to 115p, after 120p, while Southern Pacific recovered 8 to 50p. Speculative selling lowered Nickelore 13 to 45p, after 43p, and Samantha 6 to 40p.

FINANCIAL TIMES STOCK INDICES

	Apr. 8	Apr. 7	Apr. 6	Apr. 3	Apr. 2	Apr. 1	A year ago
Government Secs....	69.47	69.39	69.97	70.06	70.10	70.13	65.48
Fixed Interest..........	71.36	71.47	71.66	71.66	71.59	71.57	65.76
Industrial Ord...........	539.4	525.8	533.5	539.6	541.9	529.8	431.3
Gold Mines................	339.3	356.1	383.2	359.4	345.2	341.7	322.1
Ord. Div. Yield...........	6.09	6.23	6.15	6.07	6.04	6.17	8.06
Earnings, Yld. % (full)	12.03	12.31	12.15	12.14	12.07	12.34	19.17
P/E Ratio (net) (*).....	10.37	10.14	10.21	10.34	10.40	10.17	6.23
Total Bargains...........	28,191	25,380	31,674	38,815	37,620	34,139	11,362
Equity turnover £m.	—	148.4	172.33	206.45	222.30	182.66	70.333
Equity bargains total	—	22,105	27,515	34,312	35,533	31,919	16,509

10 am 525.4. 11 am 530.1. Noon 534.3. 1 pm 536.5. 2 pm 537.0. 3 pm 536.9.

Latest Index 01-246 8026

* Nil = 9.??.

Basis 100 Govt. Secs: 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS

	1981 High	1981 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (20/3)	68.05 (16/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int ...	72.01 (20/3)	69.98 (16/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind.Ord......	541.9 (2/4)	446.0 (14/1)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines.	421.1 (16/1)	281.4 (29/1)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Apr. 7	Apr. 6
—Daily		
Gilt Edged Bargains...	205.9	220.4
Equities		
Bargains...	143.2	178.3
Value	299.9	348.3
5-day Avrge.		
Gilt Edged Bargains...	208.5	204.7
Equities......		
Bargains...	196.2	207.2
Value	376.9	383.4

NEW HIGHS AND LOWS FOR 1981

The following shares quoted in the Share Information Service yesterday attained new High and Lows for 1981.

NEW HIGHS (113)

BRITISH FUNDS (2)
CORPORATION LOANS (1)
AMERICANS (1)
BANKS (3)
BEERS (5)
BUILDINGS (10)
CHEMICALS (5)
DRAPERY & STORES (8)
ELECTRICALS (8)
ENGINEERING (12)
FOODS (4)
HOTELS (1)
INDUSTRIALS (18)
INSURANCE (5)
LEISURE (3)
MOTORS (4)
PAPER (1)
PROPERTY (2)
SHIPPING (1)
SOUTH AFRICANS (1)
TEXTILES (3)
TRUSTS (13)
OVERSEAS TRADERS (1)
RUBBERS (2)
TEAS (1)

NEW LOWS (16)

BANKS (1)
Allen Harvey & Ross
BUILDINGS (1)
Phoenix Timber
CHEMICALS (1)
Norsk Hydro
STORES (1)
Pawson (W. L.)
ENGINEERING (2)
Sykes (Henry) Wombwell Foundry
INDUSTRIALS (2)
Cawoods Fobel Intl.
TEXTILES (1)
Sekers Intl.
OILS (4)
Candecca Res. LASMO "Ops"
Edinburgh Secs. Moonie Oil
OVERSEAS TRADERS (1)
Jacks (Wm.)
MINES (2)
Coronation Falcon

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	63	5	31
Corpns. Dom. and Foreign Bonds ...	2	8	55
Industrials	288	253	827
Financial & Props.	139	101	253
Oils	23	31	23
Plantations	7	3	13
Mines	11	81	73
Others	17	83	48
Totals	550	565	1,323

LEADERS AND LAGGARDS

Percentage changes since December 31, 1980, based on Tuesday, April 7, 1981.

Contracting, Construction	+39.01	Industrial Group	+12.38
Hire Purchase	+38.59	Food Retailing	+12.22
Other Industrial Materials	+23.41	Electricals	+11.60
Building Materials	+23.20	Consumer Group	+11.57
Packaging and Paper	+22.57	Financial Group	+ 9.62
Textiles	+21.73	Brewers and Distillers	+ 8.77
Mechanical Engineering	+20.54	Health and Household Products	+ 7.79
Capital Goods	+17.77	Stores	+ 6.56
Insurance (Life)	+17.23	Motors	+ 6.44
Food Manufacturing	+17.21	Investment Trusts	+ 6.33
Leisure	+15.98	All-Share Index	+ 5.97
Metals and Metal Forming	+15.62	500-Share Index	+ 5.11
Tobaccos	+15.09	Overseas Traders	+ 5.10
Shipping and Transport	+15.04	Merchant Banks	+ 4.12
Office Equipment	+14.92	Mining Finance	+ 3.71
Insurance (Composite)	+14.63	Discount Houses	+ 3.02
Engineering Contractors	+14.34	Other Groups	+ 1.67
Other Consumer	+14.31	Banks	− 7.90
Newspapers, Publishing	+13.71	Chemicals	−10.70
Property	+13.29	Gold Mines Index	−12.62
Insurance Brokers	+12.56	Oils	−18.66

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries, and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section	Wed., April 8, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Tues. April 7 Index No.	Mon. April 6 Index No.	Fri. April 3 Index No.	Thurs. April 2 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (214)	342.07	+1.1	11.28	4.67	10.94	338.47	341.95	346.96	347.05	231.22
2	Building Materials (25)	305.10	+0.6	14.76	5.69	8.13	303.28	306.31	319.45	318.05	224.26
3	Contracting, Construction (28)	563.69	+0.3	16.65	4.78	7.14	562.20	564.55	576.75	579.79	348.28
4	Electricals (27)	1085.53	+1.6	8.08	2.48	15.34	1068.41	1080.06	1094.47	1104.98	602.70
5	Engineering Contractors (11)	455.05	+0.1	12.48	5.69	10.11	454.48	460.19	462.22	466.56	273.05
6	Mechanical Engineering (71)	208.67	+0.9	13.05	5.87	9.71	206.78	209.85	212.30	211.26	156.12
8	Metals and Metal Forming (13)	160.38	+1.1	10.48	8.27	12.63	158.66	160.34	159.52	160.70	160.77
9	Motors (21)	98.38	+0.3	10.59	8.49	12.38	98.13	98.50	100.61	100.09	103.21
10	Other Industrial Materials (18)	358.45	+1.1	11.58	5.70	10.32	354.69	356.92	360.96	359.55	0.00
21	CONSUMER GROUP (196)	269.13	+1.3	13.86	5.83	8.75	265.69	267.58	270.74	270.40	206.55
22	Brewers and Distillers (20)	290.90	+1.6	15.92	6.30	7.45	286.30	288.26	292.87	292.01	259.21
25	Food Manufacturing (22)	250.93	+1.4	15.96	6.30	7.43	247.41	249.53	252.85	253.41	184.08
26	Food Retailing (14)	525.16	+0.6	8.60	3.08	13.74	522.17	525.04	532.43	538.43	290.40
27	Health and Household Products (7)	291.32	+2.3	9.25	4.92	12.84	284.64	288.50	293.33	294.84	195.98
29	Leisure (22)	408.01	+0.8	12.49	5.50	9.69	404.79	408.49	412.05	407.69	288.36
32	Newspapers, Publishing (12)	481.89	−0.3	18.21	6.14	7.17	483.16	485.17	490.73	490.30	403.50
33	Packaging and Paper (14)	142.47	+1.5	21.16	8.10	5.49	140.42	140.19	141.87	140.78	126.75
34	Stores (44)	267.40	+1.6	11.07	4.71	11.85	263.18	265.81	269.09	269.08	211.27
35	Textiles (21)	153.36	+1.0	14.33	8.57	9.43	151.77	151.71	152.84	152.14	118.46
36	Tobaccos (3)	228.75	−0.4	24.84	10.18	4.59	229.73	228.20	226.60	222.80	203.08
39	Other Consumer (17)	270.87	−0.5	9.43	7.10	13.23	272.22	274.26	274.60	274.42	0.00
41	OTHER GROUPS (78)	227.46	+1.4	13.71	6.64	8.99	224.28	225.77	228.05	226.99	196.01
42	Chemicals (15)	274.00	+3.3	11.82	7.59	10.74	265.32	267.41	270.65	270.26	294.49
44	Office Equipment (6)	117.14	+0.4	15.89	7.09	7.46	116.67	117.54	119.20	119.62	109.08
45	Shipping and Transport (13)	617.58	−0.1	13.76	5.99	8.68	618.34	621.35	622.12	615.97	451.30
46	Miscellaneous (44)	292.07	+0.3	15.22	5.73	8.08	291.16	292.84	295.91	293.47	229.30
49	INDUSTRIAL GROUP (488)	288.30	+1.2	12.86	5.49	9.50	284.82	287.17	290.52	290.49	218.86
51	Oils (12)	785.51	+4.0	22.98	7.17	4.87	755.27	773.21	797.79	814.05	756.77
59	500 SHARE INDEX	328.03	+1.7	14.69	5.80	8.10	322.58	326.05	331.03	332.26	261.27
61	FINANCIAL GROUP (118)	258.98	+0.6	—	5.41	—	257.33	257.37	259.81	260.32	187.83
62	Banks (6)	248.06	+2.4	32.95	7.27	3.65	242.18	239.00	241.85	239.57	203.97
63	Discount Houses (10)	299.56	+0.2	—	6.18	—	298.98	309.57	309.08	307.34	212.70
64	Hire Purchase (4)	273.12	−0.1	8.24	4.54	16.79	273.44	273.34	273.66	273.54	190.83
65	Insurance (Life) (10)	272.20	+0.6	—	5.25	—	270.53	268.47	272.92	274.72	168.30
66	Insurance (Composite) (9)	169.05	+0.1	—	7.26	—	168.80	168.90	170.31	171.62	120.94
67	Insurance Brokers (8)	357.15	−0.7	12.69	6.44	10.62	359.69	357.16	357.67	356.97	285.89
68	Merchant Banks (13)	155.58	+0.8	—	5.04	—	154.31	159.03	160.48	159.43	98.82
69	Property (48)	504.68	+0.1	3.01	2.50	45.90	504.16	508.77	513.20	517.77	358.25
70	Miscellaneous (10)	175.36	−0.3	17.91	5.90	6.79	175.93	174.60	175.49	174.13	128.09
71	Investment Trusts (109)	300.30	+0.2	—	5.14	—	299.71	302.11	304.99	302.68	203.55
81	Mining Finance (3)	238.06	+0.7	12.41	5.64	8.35	236.40	240.54	241.01	238.87	188.91
91	Overseas Traders (20)	461.03	+2.4	13.54	6.41	10.67	450.23	449.94	454.01	455.10	391.48
99	ALL-SHARE INDEX (750)	313.77	+1.4	—	5.69	—	309.41	312.10	316.27	317.01	243.67

FIXED INTEREST PRICE INDICES

	British Government	Wed. April 8	Day's change %	Tues. April 7	xd adj. today	xd adj. 1981 to date
1	5 years	109.27	+0.07	109.19	—	2.48
2	5-15 years	112.05	+0.31	111.70	0.28	3.26
3	Over 15 years	116.28	+0.07	116.43	0.24	3.00
4	Irredeemables	128.83	+0.42	128.28	—	1.78
5	All stocks	112.12	+0.09	112.18	0.17	2.86
6	Debentures & Loans	87.43	−0.24	87.64	—	2.46
7	Preference	67.87	−0.02	67.83	—	2.88

FIXED INTEREST YIELDS

British Govt. Av. Gross Red.

			Wed. April 8	Tues. April 7	Year ago (approx.)
1	Low Coupons	5 years	11.54	11.55	12.86
2		15 years	12.14	12.15	13.46
3		25 years	12.27	12.32	13.62
4	Medium Coupons	5 years	13.36	13.17	14.71
5		15 years	13.42	13.46	14.31
6		25 years	13.51	13.51	14.08
7	High Coupons	5 years	13.17	13.19	14.72
8		15 years	13.82	13.85	14.61
9		25 years	13.45	13.46	14.60
10	Irredeemables†		11.62	11.60	12.21
11	Debs & Loans	5 years	14.33	14.30	15.31
12		15 years	14.55	14.57	15.15
13		25 years	14.41	14.37	14.95
14	Preference		14.36	14.35	15.91

† Flat yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26½p.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Berisford (S. and W.)	114	+ 1	Higgs and Hill	118	+11
Bowater	250	+ 5	ICI	264	+12
British Aerospace	202	+ 5	Plessey	334	+12
British Sugar	310	+ 8	Royal Bank of Scotland	173	+ 5
GEC	675	+ 7	Thorn EMI	360	+10
Hawker Siddeley	324	+12	Woolworth	62½	+ 2½

TUESDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Tuesday's closing price pence	Day's change	Stock	No. of price changes	Tuesday's closing price pence	Day's change
Royal Bk. Scot.	26	168	+24	ICI	12	252	+ 4
KCA	23	182	−18	Imperial Group	11	76	+ 2
GEC	16	668	− 6	Plessey	11	322	− 5
Bowater	16	245	+ 2	Sutr New n.p.	11	22pm	− 1
De Beers Dfd.	14	390	−12	GKN	10	143	− 5
LASMO	12	530	−10	Mks. & Spncr.	10	124	− 2
Ang. Am. Cpn.	11	675	−40	West. S. & Dv.	10	40	− 2½

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Mar. 23	Apr. 3	June 25	July 6
Apr. 6	Apr. 17	July 9	July 20
Apr. 21	May 1	July 23	Aug. 3

For rate indications see end of Share Information Service

Calls were arranged in Dunlop, Cope Allman, GKN, Burmah, Bats, Montague L. Meyer, Turner and Newall, Debenhams, Rothmans, Southern Pacific Petroleum, Premier Oil, ICL, BSR, Central Pacific Minerals, Carless Capel, FNFC and Royal Bank of Scotland. Puts were arranged in GKN and Royal Bank of Scotland, while doubles were taken out in Shell, ICL, P & O, Avana and Southern Pacific Petroleum.

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

[illegible]

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Hill Samuel Invest. Mgmt. Intnl.
P.O. Box 63, Jersey. 0534 27381

Rothschild Asset Management (C.I.)
P.O. Box 58, St. Julians Ct., Guernsey. 0481 26331

[illegible]

NOTES

[illegible]

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Am. Gth. Tst.	61.1	65.7	-1.0	2.21
Abbey Capital	50.2	54.3xd	.....	4.06
Abbey General	57.8	62.5	+0.5	4.92
Abbey Gilt & F.I. 1st.	107.1	112.7xd	-0.2	11.62
Abbey Income	37.6	40.7xd	+0.3	8.62
Abbey W'w.Bd.Tst.	94.8	100.3	-1.0	6.67
Abbey Inv. Tst. Fd.	51.9	55.1	.....	4.28
Equitas Prog. Tst.	83.3	90.1	+0.4	4.54

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt Trust	87.0	91.5	+0.2	12.70

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	92.7	99.2	+0.7	5.65
Brit. Inds. Fund	80.9	86.6	+0.4	5.89
Growth & Income	53.4	57.1	+0.4	4.73
Elect. & Ind. Dev.	46.1	49.3xd	+0.1	5.07
Allied Capital	100.1	107.1xd	+0.5	4.11
Hambro Fund	137.7	147.3	+0.6	5.64
Hambro Acc. Fund	188.8	202.0	+0.8	4.50
Income Funds				
High Yield Fd.	68.3	73.1		8.21
High Income	83.2	89.0xd	+0.4	7.27
Equity Income Fd.	47.8	51.1	+0.2	7.16
Govt. Secs.	26.4	27.1	-0.1	11.44
International Funds				
International	36.4	38.9	-0.5	2.06
Japan Fund	26.0	27.8	-0.2	0.23
Pacific Fund	71.4	76.4	-0.8	1.07
Secs. Of America	78.7	84.2	-1.2	1.90
Specialist Funds				
Smaller Co.'s Fd.	58.8	62.9	-0.3	4.13
2nd Smlr. Co's Fd.	73.4	78.5xd	-0.1	3.82
Recovery Sits.	144.8	154.9	+0.1	4.91
Met. Min. & C'dty.	68.9	73.7	-0.5	4.96
Overseas Earnings	71.4	76.4	+0.2	4.83
Exempt Funds				
Income Exempt	53.3	56.0	+0.1	7.59

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	42.4	45.8	-0.3	0.55
Cres. Internat'l.	84.9	91.6	-1.0	1.71
Cres. High. Dist.	47.0	50.7	-0.1	9.37
Cres. Reserves	52.2	56.3	+0.2	5.22
Cres. Tokyo	35.0	37.8	-0.3	0.93

Dartington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	23.5	25.0xd	.....	9.05

Discretionary Unit Fund Managers
36/38 New Broad St, EC2M 1NU. 01-638 4485

Disc. Inc. Mar. 27	249.5	266.1	.....	4.88

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	18.5	20.4	.....	6.93
Gt. Winchester O'seas	27.6	30.6	.....	3.47

For Emson and Dudley see Robert Fraser Tst. Mgmt.

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	91.4	96.2xd	+0.2	4.52

Fidelity International Management Ltd.
62-63 Queen St, London EC4 1AD 01-248 4891

American (z)	37.5	40.4	-0.6	0.64
Amer. Spec. Sits. (z)	27.6	29.7	-0.3	0.59
Gilt + Fixed Int.	25.5	26.8	-0.1	11.78
Growth + Income	33.8	36.4	+0.1	6.56
Maximum Inc. Eq. Tst.	28.7	30.9	+0.1	8.76
Special Sits.	41.1	44.3	-0.4	1.73

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	40.4	43.4xd	+0.4	1.64
Accum. Units	50.1	53.8xd	+0.5	1.64
J. Finlay High Income	37.4	40.2xd	+0.3	9.59
Finlay Wld. Energy	18.2	19.6xd	-0.1	1.90
Accum. Units	23.7	25.5xd	-0.1	1.90
J. Finlay Fd. In. Tst.	39.8	42.8xd	+0.2	5.09
Accum. Units	50.3	54.1xd	+0.2	5.09

Prices on April 8. Next dealing April 15.

Framlington Unit Mgt. Ltd. (a)
64, London Wall, EC2M 5NQ. 01-628 5181

Amer. & Gen.	82.8	88.4	-0.8	0.76

INSURANCE PROPERTY BONDS

Welfare Insurance Co. Ltd.♥
Winslade Park, Exeter. 0392-52155

Moneymaker Fd.		123.5	.....	—

For other funds, please refer to The London & Manchester Group.

Windsor Life Assur. Co. Ltd.
Royal Albert Hse., Sheet St., Windsor 68144

Investor Units	105.6	111.1	.....	—
Accum. Pen. Units	162.2	170.6	.....	—
Flex. Inv. Growth	126.6	133.3	.....	—
Future Ass'd Growth	30.0(a)	55.0(b)	.....	
Ret. Ass'd Pen.		£31.96	.....	—

OFFSHORE & OVERSEAS FUNDS

Albany Fund Management Limited
P.O. Box 73, St. Helier, Jersey. 0534 73933

Albany $ Fd. (CI)	US$183.37	185.58	.....	1.60

Next dealing April 24.

Alexander Fund
37, rue Notre-Dame, Luxembourg.

Alexander Fund		US$14.50	.....	—

Net asset value March 30.

Allen Harvey & Ross Inv. Mgt. (C.I.)
1 Charing Cross, St. Helier, Jsy., C.I. 0534-73741

AHR Dollar Inc. Fd.	US$10.12	10.13xd	.....	14.25
AHR Gilt Edg. Fd.	£11.38	11.44	+0.02	12.69

Alliance International Dollar Reserves
c/o Bank of Bermuda, Hamilton, Bermuda.
Adv.: ACMI, 319 High Holborn WC1. 404 0377
Distn. April 6-7. 0.000774 (15.2% p.a.).

Arbuthnot Securities (C.I.) Limited
P.O. Box 284, St. Helier, Jersey. 0534 76077

East Intl. & Energy	150.0	155.0	.....	2.42
Dealing day Thurs.				
Gov't Secs. Tst. (CI)	79.2	81.7xd	-0.6	15.62
Daily Dealings.				
Sterling Fd.	123.7	123.9	+0.3	—
Dealing on Wed.				

B.I.A. Bond Investments AG
10, Baarerstrasse CH6301, Zug, Switzerland

Bearer Sfr. (Mar. 20)	9,500	10,000	.....	

Bank of America International S.A.
35 Boulevard Royal, Luxembourg G.D.

Wldinvest Income	US$106.29	106.83	.....	8.89

Prices at April 2. Next sub. day April 8.

Banque Bruxelles Lambert
2, Rue De la Regence B 1000 Brussels

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INTERNATIONAL BANK

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Continued

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

INSURANCE—Continued

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—Continued

Australian

1981 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
40	32	Acmex 50c	40	......	Q2.5c	—	3.3
23	14	ACM 20c	18	......	—	—	—
21	14	Argosy Gold NL 25c	19	......	—	—	—
209	137	Bond Corp.	200	–6	Q7½c	1.9	1.9
102	76	Bougainville I Kina	89	–1	Q26.2c	1.0	15.3
302	214	CRA 50c	250	–8	Q19c	ϕ	3.9
25	17½	Canada Northwest	21	......	—	—	—
35	17	Carr Boyd 20c	21	......	—	—	—
415	105	Central Pacific	115	+10	—	—	—
35	35	Cons. Gold Min. N.L. 50c	35	......	—	—	—
47	39	Coltus Pacific N.L.	40	+1	—	—	—
32	22	Eagle Corp. 10c	25	......	—	—	—
40	32	Endeavour 20c	36½	......	—	—	—
500	310	G. M. Kalgoorlie 25c	395	......	†Q13c	ϕ	1.7
25	13	Great Eastern	15	......	—	—	—
275	210	Hampton Areas 10p	210	–5	t2.5	2.4	1.7
168	88	Haoma Gold N.L.	88	......	—	—	—
85	45	Intl. Mining	48	......	—	—	—
245	140	Kitchener NL 25c	170	......	—	—	—
105	45	Leichardt Expln.	60	+5	—	—	—
430	275	Meekatharra	340	......	—	—	—
70	49	Metals Ex. 50c	68	–2	¶Q3c	2.9	2.3
33	20	Metramar Mins. 20cts.	22	......	—	—	—
267	190	M.I.M. Hldgs. 50c	257	–5	‡Q27.4c	1.7	‡
21	11½	Minefields Expl. 25c	14	......	—	—	—
108	83	Mount Lyell 25c	104	......	ϕ†Q15c	1.7	7.5
20	14	Newmetal 20c	15	......	—	—	—
69	41	Nickelore N.L.	45	–13	—	—	—
204	149	North B. Hill 50c	170	–3	Q18c	3.1	5.5
84	50	Nth. Kalgurli	64	......	—	—	—
175	94	Nth. Mining Corp.	164	......	—	—	—
122	55	N. West Mining N.L.	60	......	—	—	—
145	106	Oakbridge 50c	140	......	tQ12c	1.1	4.4
185	138	Oilmin N. L.	150	–10	—	—	—
186	164	Pacific Copper	183	–2	—	—	—
605	475	Pancont'l 25c	580	......	—	—	—
70	42	Paringa M&Ex. 5p	68	......	—	—	—
520	375	Peko-Wallsend 50c	520	......	‡Q22½c	ϕ	2.2
115	85	Seltrust A	90	–5	—	—	—
157	42	Southern Pacific	50	+8	—	—	—
72	44	Swan Resources 20c	45	......	—	—	—
18	11½	West Coast 25c	14½	+1	—	—	—
300	227	Westn. Mining 50c	293	–3	Q14c	1.6	2.4
27	19	Westmex	21	......	—	—	—
76	50	Whim Creek 20c	56	......	—	—	—
101	73	York Resources	89	–1	—	—	—

Tins

1981 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
16	10	Amal Nigeria 1p	11	......	‡6.0	—	—
300	260	Ayer Hitam $M1	270	......	‡Q205c	1.0	‡
67	54	Beralt Tin	58	......	4.5	3.2	11.1
155	130	Geevor	130	......	‡8.4	1.9	‡
9½	8	Gold & Base 12½p	9½	......	—	—	—
660	590	Gopeng Cons.	590	......	30.0	1.8	7.3
450	390	Hongkong	390	......	21.0	ϕ	7.7
125	115	Idris 10p	118	......	26.0	ϕ	7.3
15	13	Jantar 12½p	15	......	1.5	ϕ	14.3
98	90	Kamunting $M0.50	90	......	‡Q80c	1.0	‡
725	545	Killinghall $M1	725	......	Q100c	ϕ	2.7
114	88	Malay Dredging 10c	114#	......	ϕbQ38c	0.9	6.4
55	30	Pahang	53	......	0.44	0.3	1.2
103	95	Pengkalen 10p	95	......	3.5	0.6	5.3
380	360	Petaling $M1	380	......	Q180c	ϕ	9.2
24	19	South Crofty 10p	22	......	‡1.0	ϕ	‡
225	200	Sungei Besi $M1	205	......	‡Q480c	1.1	‡
135	95	Supreme Corp. $M1	130	......	gQ15½c	ϕ	2.3
118	116½	Tanjong 15p	117	......	21.5	ϕ	1.9
90	80	Tongkah H. Tin $Sm	80	......	Q23%	0.4	5.7
410	350	Tronoh $M1	360	......	‡Q250c	0.7	‡

Copper

1981 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
295	165	Messina R0.50	275	–15	Q45c	4.7	9.4

Miscellaneous

1981 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
170	142	Anglo-Dominion	170	......	—	—	—
55	40	Barymin	44	......	—	—	—
15½	14	Burma Mines 10p	14½xd	......	0.75	ϕ	7.4
315	180	Colby Res. Corp.	280	+5	—	—	—
255	200	Cons. Murch. 10c	240	......	tQ30c	1.8	7.2
98	75	††Hemerdon 10c	95	......	—	—	—
180	135	Highwood Res.	165	+5	—	—	—
400	300	Northgate C$1	360	–5	—	—	—
478	372	R.T.Z.	467	+5	t16.0	3.2	4.9
£111½	£93½	Do. 9½%Cn.Un.Ln. '95-2000	£118	–1	Q9½%	—	f9.0
143	127	††SPD Minerals 10p	128	......	—	—	—
47	33	Sabina Inds. C$1	38	–1	—	—	—
38	28	††SWCM 10p	31	–1	—	—	—
550	465	Tara Exptn. $1	520	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- Dealt in under Rule 163(3).
- Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ◆ Merger bid or reorganisation in progress.
- Not comparable.
- Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ** Regional price.
- ǁ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. x Prospective real rate of return. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xl ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or –
Albany Inv. 20p	42	......
Bertam	13½	+½
Bdg'wtr. Est. 50p	515xd	–5
Craig & Rose £1	£11¼	......
Fife Forge	55xd	......
Finlay Pkg. 5p	21	......
Graig Ship. £1	£20½	......
Higsons Brew	70	+2
Holt (Jos) 25p	415	......
I.O.M. Sum. £1	158	......
Pearce (C. H.)	950	......
Peel Hldgs.	92½	+½
Sheff. Refrshmt.	106	+1
Sindall (Wm.)	135	......

IRISH

Stock	Price	+ or –
Conv. 9% '80/82	£93¾	......
Nat. 9¾% 84/89	£75¼	+½
Fin. 13% 97/02	£79⅞	......
Alliance Gas	75	–2
Arnott	240	......
Carroll (P.J.)	87	......
Concrete Prods.	98	......
Heiton (Hldgs.)	28	......
Ins. Corp.	395	......
Irish Ropes	50	......
Jacob	44	–6
T.M.G.	22½	–½
Unidare	88	......

OPTIONS

3-month Call Rates

Industrials

Stock	Rate
A. Brew	6½
BOC Intl.	11
B.S.R.	4½
Babcock	11
Barclays Bank	36
Beecham	15
Blue Circle	35
Boots	20
Bowaters	24
Brit. Aerospace	14
B.A.T.	25
Brown (J.)	7
Burton Ord.	12
Cadburys	7½
Courtaulds	6
Debenhams	8
Distillers	17
Dunlop	7½
Eagle Star	22
F.N.F.C.	3½
Gen. Accident	30
Gen. Electric	60
Glaxo	28
Grand Met.	14
G.U.S. 'A'	44
Guardian	32
G.K.N.	16
Hawker Sidd.	25
House of Fraser	14
I.C.I.	20
"Imps"	7
I.C.L.	6
Ladbroke	30
Legal & Gen.	20
Lex Service	10
Lloyds Bank	28
"Lofs"	4½
London Brick	7
Lucas Inds.	18
"Mams"	20
Mrks. & Spncr	9
Midland Bank	26
N.E.I.	7
Nat. West. Bank	32
P & O Dfd.	13
Plessey	30
Racal Elect.	34
R.H.M.	5
Rank Org. Ord.	18
Reed Intnl.	20
Sears	5
Tesco	5½
Thorn EMI	30
Trust Houses	18
Tube Invest.	18
Turner & Newall	10
Unilever	50
Utd. Drapery	6½
Vickers	15
Woolworths	5

Property

Stock	Rate
Brit. Land	8
Cap. Counties	11
Land Secs.	37
MEPC	20
Peachey	15
Samuel Props.	13
Town & City	2¼

Oils

Stock	Rate
Brit. Petroleum	36
Burmah Oil	16
Charterhall	9
KCA	22
Premier	10
Shell	34
Tricentrol	30
Ultramar	44

Mines

Stock	Rate
Charter Cons.	21
Cons. Gold	45
Lonrho	9
Rio T. Zinc	45

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 32

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FINANCIAL TIMES

Thursday April 9 1981

MPs challenge economic hopes

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

OFFICIAL HOPES for a sustained economic recovery have been challenged by an all-party committee of MPs which is highly sceptical about several major features of the Government's strategy.

The Treasury and Civil Service Committee of the Commons, chaired by Mr. Edward du Cann, Tory MP for Taunton, expresses doubts not only about the economic outlook but also about the Government's public spending plans.

The MPs also call for increased capital investment on infrastructure by nationalised industries.

The report is formally unanimous but it was clear from a Press conference yesterday that there are big differences between the members of the committee, across rather than along party lines.

The MPs yesterday openly disagreed with each other — one accusing an unnamed other of being a crank. The report indicates that two Tory MPs (Mr. Jock Bruce-Gardyne and Mr. Anthony Beaumont-Dark) object to a large section of the report on the economic prospects.

Mr. du Cann said such differences were to be expected and argued that what mattered was the questions about policy highlighted by the commitee.

The report is the latest in a series from the committee which have been highly sceptical about the Government's strategy. Treasury ministers will take the opportunity of this afternoon's Commons debate on public spending to reply to some of the points.

The committee questions the Treasury view that the Budget measures will not have a contractionary effect on the economy.

"The private sector components of Gross Domestic Product may show some recovery in the short term but it is hard to discern any engine of sustained recovery." Therefore the MPs are concerned about the medium-term prospects for unemployment and the hopes for a "significant fall" from the current high level.

Among other points the report argues that:

- The Government should raise significantly the proportion of public investment within the total of public expenditure from its present low level.
- Public spending may be higher than planned, especially nationalised industry borrowing.
- Cash limits may have allowed spending in 1980-81 to rise faster, relative to actual inflation than was intended when the limits were fixed.
- Achievement of the money supply target in 1981-82 should be easier than during the past year.
- It is possible that a higher level of public sector borrowing could have been compatible with falling interest rates without violating money supply guidelines.

MPs want more spending, Page 7;
Men and Matters, Page 20

Clearers refuse to improve pay offer

BY NICK GARNETT, LABOUR STAFF

THE FICE English clearing banks refused yesterday to improve any element of their 10 per cent pay and conditions offer in negotiations with the Banking, Insurance and Finance Union.

Mr. Leif Mills, the union's general secretary, said after the meeting described by employers as "acrimonious" that a second phase of industrial action would now be mounted.

The union's executive will decide on Sunday when to start the action which would include one-day stoppages in many High Street branches and cash centres and a strict work to rule. It may well begin the week after next.

The executive will also decide when balloting will take place on a proposed third stage of industrial action. That balloting will involve the union's total 73,000 membership in the clearers and will ask whether members are prepared to mount stoppages and other forms of action.

Mr. Mills said a third phase of action would have to *include more severe stoppages* than those under stage two. The union has carried out 24-hour stoppages at Barclays and Lloyds computer centres. On Sunday, it will also have the results of its ballot among 1,600 members at the Joint Credit Card Company which handles the Access operations, and has become enmeshed in the clearers' dispute.

Mr. Mills said the banks had been warned yesterday of "very very serious consequences" as a result of their "cavalier attitude." Some of the five banks, he said, "were now viewing the probability of confrontation with evident relish."

The pay offer, which includes improvements in holiday entitlement, has been accepted and a wage agreement signed by the rival Clearing Bank Union.

The Federation of London Clearing Bank Employees told BIFU that the five banks will be implementing the 10 per cent rises in salaries by May.

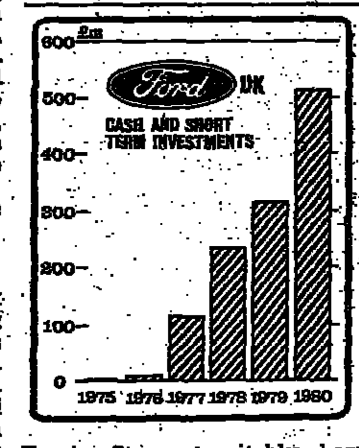
It said that the federation was a total bargaining unit and the rises would be implemented in Midland and Williams and Glyn's which, unlike the other three clearers, do not recognise the CBU internally.

THE LEX COLUMN

Ford UK's cash generation

By yesterday morning the stock market seemed to be looking at the March banking figures, which had caused such dismay on Tuesday afternoon, in a rather more balanced light. On gilt-edged, which are still digesting half a dozen tap stocks, the effect was limited, but equities leaped ahead (on little more buying than the previous day had seen selling) to show a 13.6 point gain on the FT 30-Share Index.

Index rose 13.6 to 539.4



Ford UK

Ford UK's annual report gives the usual fascinating *glimpse of what goes* on beneath the multinational bonnet. Whereas a year ago the U.S. *parent company had received* a £135m dividend and a £230m loan from Dagenham, this year's *accounts show that the loan* has been repaid and the British company, in line with local *fashion, is paying no dividend* at all. Lest Detroit should run out of petty cash, however, a new *$800m loan* has been arranged since the year end.

The dividend decision saves Ford UK some tax, and the company is a major beneficiary of the new stock relief provisions, without which its tax charge would have been £55m higher. Even in a booming year like 1979 no cash was absorbed by working capital, and in 1980 £80m has been released. Stocks alone are down by £61m, with finished product inventories roughly unchanged in money terms. Ford UK is spending a lot of money on capital items—more than twice its current cost depreciation charge in 1980—and £430m of authorisations are carried forward.

Interest income has provided an important offset to falling *operating profits, so that* a 58 per cent fall to £139m at the operating level turns into a 41 per cent decline *(to £226m)* pre-tax. All the trading profits were earned in the first half last year, and the current year has had a difficult start, but Ford is budgeting to hold its car sales volume in 1981 and take perhaps a third of the UK market, against 30.7 per cent in 1980. The aims of the "banking division" are no doubt equally ambitious.

Mail Order

The agency mail order sector is going through a slump such as it has not experienced for many years. Sector figures show that a sales rise of 13 per cent in the February-July period last year was followed by an actual drop of 3 per cent in money terms in the half-year to January. *Figures from two of* the independents, Grattan and Empire Stores, inevitably show the scars.

The second half at Gratten, in fact, featured a savage drop of some 19 per cent in sales, surely a worse outturn than the group budgeted for even though it *deliberately set out to* trim the less profitable names from its agents list—some 5 per cent have gone. In the whole of 1980-81 volume fell by a fifth, yet Grattan heroically, has just about stayed in the black with pre-tax profits of £3.1m against a very depressed £2.4m, and there is a final dividend making a total of 4.1p a share against 6.3p At least contraction is serving to offset the company's cash problems, with year end net debt down from £33m to £14m, while a degree of profit improvement is forecast for 1981-82. Relieved, the market put the share price up 12p to 84p where the yield is just under 11 per cent.

At Empire Stores, second half sales still achieved a modest *rise of 4 per cent* but the current year is showing a decline so far. Empire is tightly run, however, and the *profits setback* was held to under a quarter last year. On an unchanged dividend—*fully covered even on* a current cost basis—the yield is 5.5 per cent at 136p, with the market looking to a recovery that may begin in the second half of the year.

BICC

BICC's *shares jumped 18p* to 252p yesterday—a warm response to preliminary figures which were released in outline three weeks ago. The only striking new feature is the current cost statement, which shows the dividend covered 1¼ times in contrast with the attributable loss reported a year ago.

The main explanation is that BICC has rethought its approach to current cost depreciation, and as a result the adjustment has come down to £10.2m compared with last yetar's figure of £23.6m. The argument is that it is wrong to hit profits with the full cost of new plant when there are compensating benefits flowing from efficient modern equipment. So BICC has switched from straight line depreciation *to a declining balance method* —and has also extended asset lives to about 1½ times the *historic cost figures.*

It may all sound a bit light footed. But this treatment does seem to square with reality, both in terms of cash generation—which has been positive for some time— and of capital spending needs.

Meanwhile the cables business is apparently enjoying much improved productivity *and working practices,* and has thereby secured a remarkable increase in export orders. UK orders are still well below the level of a year ago. But reorganisation costs should be lower, and the overseas companies are doing well. So BICC is expecting further progress in 1981.

Glynwed

UK profits have more than halved between the first and second *six-month* periods at Glynwed, but there has been partial compensation in a near doubling of the overseas contribution, mainly thanks to South Africa. So pre-tax profits for the year are down a modest enough 14 per cent at £16.1m.

In fact the UK figures are better than they first appear. The company has had problems in *domestic appliances,* steel stockholding and baths. But like IMI, it has been able to *recapture market share* from imports in copper tubing, while the foundry division, with a *reorganisation behind it,* has produced £1m compared with £100,000. The joker has been a fiasco in a small contracting business with a typical annual turnover of £1½m. This has managed to produce a trading loss of £1m, with a further £1½m below the line.

So the 20 per cent dividend cut is a case of taking advantage of the current fatalistic climate to bring the payout to realistic levels after years of overdistribution. In fact in 1979 the dividend was nearly double current cost earnings, compared with last year's full cover. With the uncertainty out of the way the shares rose 2½p yesterday to 100p, where the yield is 11 per cent.

Thatcher defends UK's EEC role

BY RICHARD EVANS, LOBBY EDITOR

THE Prime Minister last night rebutted recent claims by President *Giscard d'Estaing of France* and Chancellor Helmut Schmidt of West Germany that Britain's commitment to the European Community was diminishing and that the UK was becoming an increasingly obstructive partner.

At the same time, Mrs. Thatcher said Community members must be prepared to take a balanced view of each other's problems if the EC was to be a viable and worthwhile organisation.

"The fact is that people in other member-countries are no more entitled to query our commitment to the Community than we are to query theirs. The *same rules and principles apply* to them as apply to us. Our commitment is just as firm as theirs," she said.

But it was a commitment no more blind or uncritical than that of other countries and the UK was no less determined than they to ensure that when Community policies were negotiated its interests like theirs were properly served.

The implication in Mrs. Thatcher's speech, to the Diplomatic and Commonwealth Writers' Association in London, was that recent criticisms of *British tactics from* EEC leaders, especially President Giscard, were misplaced and were *based* on a misunderstanding of Britain's attitude.

Mrs. Thatcher was trying hard not to be provocative but she was anxious to underline her determination not to be diverted by accusations of lack of commitment to Europe.

In her view there had been a marked lack of balance in members' attitudes to each other recently. "There has been too much depression, too little hope; too much questioning of each other's motives and good faith," she said.

In a warning that all was not satisfactory on the question of budget contributions, she said: "Britain and Germany were the only net contributors to the Community's budget last year. The other seven countries were all in greater or less degree net *beneficiaries. The same pattern* is likely this year . . . it cannot be a healthy basis for long-*term development.*"

The issues had to be tackled in a way that would result in a strengthened Community with a budget system fair to all the partners.

Mrs. Thatcher said: "I want a community in which each and every member-state will accept its responsibilities towards the others, secure in the knowledge that its own interests will be respected.

"To work for a better balance *fo policies, a fairer share* of the burdens and benefits, is not to undermine the Community, it is to *rise to the challenges of* membership."

'Administrator' plan for ailing companies

BY ANDREW FISHER

COMPANIES facing insolvency would be able to seek the appointment of an outside administrator to try to restore their financial health, under proposals to be made to the Government.

A scheme to give companies a valuable breathing space, with a debt moratorium, while a recovery plan is worked out will be recommended next month by a committee on insolvency law.

Companies in difficulties, their creditors or their shareholders could ask the courts for an administrator to be appointed, even before insolvency loomed.

Creditors *would still* have to agree to this breathing space at an early meeting with the *administrator. Alternatively,* they could vote for liquidation.

The Insolvency Law Review *Committee, chaired* by Sir Kenneth Cork, a partner in insolvency accountants Cork *Gully, now part of Coopers* and Lybrand, was set up by the Labour Government in 1977. The Government will receive its recommendations in a few weeks.

Coming after extensive financial reconstructions at such companies as Weir Group, the engineering concern, and Stone-Platt, general engineering, the proposals are seen by the committee as particularly relevant for the 1980s.

Sir Kenneth, a former Lord Mayor of London, said the committee's scheme would enable *companies with severe problems* to be dealt with "quickly and expeditiously."

An administrator could be appointed even if there was no debenture-holder, such as a bank, with a floating charge on a company's assets, who could call in a receiver.

Essentially, the administrator —to be chosen from a list of those qualified in insolvency work—would have roughly the same task as a receiver.

"*We are trying to get a co-*ordinated scheme to enable companies to be rescued," Sir Kenneth added. "The administrator will have to ascertain whether there is any hope for the business." Implementation of the proposals may, however, be delayed.

U.S. defence secretary said to favour dropping AT and T anti-trust suit

BY PAUL BETTS IN NEW YORK

MR. CASPER Weinberger, the U.S. defence secretary, is believed to have asked the U.S. Government to drop its six-year-old anti-trust suit against American Telephone and Telegraph (AT and T), the country's leading telephone company

Giving testimony in camera before the Senate Armed Services Committee, Mr. Weinberger is believed to have said he had written to Mr. William French Smith, the *attorney* general, urging him "very strongly" to dismiss the AT and T anti-trust case *because the break-up of the telephone* giant could endanger U.S. national security.

According to a leaked transcript of Mr. Weinberger's testimony, which was given last month, the defence secretary said: "It seems to me essential that we keep together this one *communication* network we now have and have to rely on. The network is the most important communications net we have to service our strategic systems in this country."

The Justice Department would neither confirm nor deny the authenticity of the leaked report.

Mr. William Baxter, the new head of the department's anti-trust division, said yesterday that he had seen a copy of Mr. Weinberger's letter to the attorney general, but declined to disclose its contents. He indicated he had no intention of dropping the AT and T suit. The Justice Department would continue to present evidence in the trial which, according to Mr. Baxter, is expected to be finished by the end of this year.

AT and T has said in court that U.S. military security could be weakened if the company were broken up. The telephone company is counter-suing the Justice Department in an attempt to be allowed to enter the unregulated data processing market.

The U.S. Justice Department case against AT and T, originally filed in November 1974, centres on charges that the telephone company has monopolised the U.S. telephone market and should be *split up.* The Justice Department wants AT and T to divest itself of Western Electric, *its* main manufacturing subsidiary.

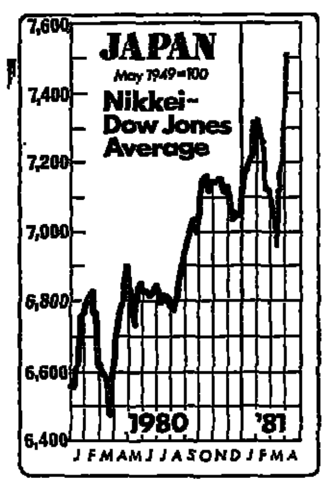
It also seeks the disposal of *some, or all, of* AT and T's long-distance services and the possible spin-off of the Bell *Telephone Laboratories,* the leading industrial laboratories in the U.S.

Among other things, the suit accuses AT and T of trying to prevent competing telecommunications companies from acquiring a foothold in the U.S. telephone market.

The trial—the most complex anti-trust suit ever launched by the U.S. Justice Department—*began in January after* AT and T and the Justice Department failed to agree on an out of court settlement.

Big surge of share indices in Tokyo

By Richard Hanson in Tokyo and John Makinson in London



TOKYO SHARE indices surged to record levels yesterday on the heaviest daily trading volume in the history of the Tokyo stock exchange.

Expectations that foreign investors, particularly from the Arab world, were about to reappear in strength have provided a strong boost to local investors. They have been buying shares which generally attract foreign interest suc ash *steels and heavy industries.* Nippon Steel, Japan's largest steel company, rose Y10 to Y187 *yesterday, its highest since 1974.*

Much of the Arab money invested on the Tokyo exchange *is funnelled through London.* The Japanese market also attracts substantial British interest.

At the end of trading yesterday, the Nikkei-Dow index, *which covers 225 stocks, was up* 50.16 to a record 7,508.52, its first close above 7,500. In hectic *trading, about 1.3bn shares* changed hands, over double the recent average volume. The *Nikkei-Dow stood at under 7,000* less than a month ago and has been hitting peaks for much of the past two weeks spurred mainly by heavy buying by domestic investors.

Lower interest rates, which have made it cheaper for many private investors to increase *their share purchases, have also* encouraged the institutions back into the market.

Although the down payment which Japanese investors must make when buying shares with *borrowed money has been* increased repeatedly, trading of this nature has still risen to *record levels on the back of* cheaper money.

Many professional investors *are worried by the recent surge* in share prices which they believe cannot be justified

Market report, Page 30

Monopolies Commission may look at bank bids

BY JAKE VAN DER KAMP IN HONG KONG, MICHAEL LAFFERTY IN LONDON AND RAY PERMAN IN EDINBURGH

THE TWO rival bids for the Royal Bank of Scotland are likely to be referred to the Monopolies Commission, bank analysts and senior executives within the Royal Bank believe.

The expectation is reflected in Royal Bank's *share price.* This closed yesterday at 172p, half way between the prices bid *by Standard Chartered Bank* last month and the Hongkong and Shanghai Banking Corpora-*tion on Tuesday.*

A reference of either bid to the commission would prevent *it proceeding, pending the com*mission's report. It might also be seen as the most effective way of dealing with the Hongkong and Shanghai bid, about which the Bank of England is thought to have reservations.

All the indications were yesterday that the Bank had not decided how to react to the bids and was unsure of its own powers

While the Bank of England was deliberating, Hongkong and Shanghai executives were talking about the advantages of their bid a Press conferences in Scotland and Hong Kong.

Mr. Michael Sandberg, chairman of the Hongkong and Shanghai, said in Edinburgh *that the Royal Bank would be* allowed complete freedom to run its English and Scottish *clearing banks if his bank's bid* was successful.

Unlike Standard Chartered, *which talked of the possibility* of a complete merger of its interests with those of Royal Bank, Hongkong and Shanghai promises not to interefere in the day-to-day management of either the Royal Bank of Scotland or Williams and Glyn's, the two banks which may up the Royal Bank group.

In Hong Kong, Mr. John Boyer, deputy chairman of the Hongkong and Shanghai, rejected criticism from some local stock market analysts that it was offering an unnecessarily high price for Royal Bank.

His bank wanted to avoid a bidding war and the offer still represented a 4 per cent discount on Royal Bank's net asset value, he said.

In the London stock market analysts differed on the likely success of the Hongkong and Shanghai's bid.

Mr. Ian McLean, banking *analyst at Wood Mackenzie, the* Edinburgh brokers, said: "I reckon that Hongkong and Shanghai will eventually end up with the Royal Bank. I think it has shut out Standard Chartered. My view is that Standard Chartered cannot find the extra £200m to counter the other offer."

Mr. Keith Brown, bank analyst at W. Greenwell, the London brokers, was not so sure that Standard Chartered was out of the game.

He said: "In view of the agreement already reached between Royal and Standard Chartered it would appear that some rethinking of the terms will be necessary to bring the two *together.*"

Suggestions that it might be possible for Standard Chartered to buy *the Williams and Glyn's* subsidiary from Royal Bank did not meet with much support *from Mr. Sydney Procter,* Williams and Glyn's chief executive.

"*We see ourselves as one* group operating two banks and working more and more in *harmony," he said.*

He said the Hongkong Bank's bid had come as a bombshell: "We are still considering it. But it's nice to feel wanted."

Weather

UK TODAY

Sunny *intervals developing,* becoming warm in most areas.

London, S.E., E. England
Cloudy with occasional rain at first, clearing later. Max. 17C (63F).

S., S.W. England, Wales, Channel Is.
Scattered showers, fog around coasts. Max. 16C (61F).

Midlands, N.W., N.E. England
Patchy fog clearing, scattered showers. Max. 16C (61F).

S., C. Scotland, N. Ireland
Mainly dry, bright or sunny intervals. Max. 15C (59F).

N. Scotland, Orkneys, Shetlands
Rather cloudy, occasional drizzle. Max. 12C (54F).

Outlook: Mainly dry with sunny intervals, rather warm.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	17	63	Locarno	F	19	66
Algiers	S	20	68	London	S	17	63
Amsdm.	S	14	57	L. Ang.†	C	14	57
Athens	S	19	66	Luxmbg.	C	13	55
Bahrain	F	25	77	Luxor	S	28	82
Barclna.	F	17	63	Madrid	F	17	63
Beirut	S	18	64	Majorca	F	20	68
Belfast	S	11	52	Malaga	F	19	66
Belgrd.	S	21	70	Malta	S	21	70
Berlin	F	17	63	M'chstr.	C	11	52
Biarritz	F	21	70	Melbne.		—	—
Bmghm.	C	12	54	Miami†	F	23	73
Blackpl.	C	10	50	Milan	S	21	70
Bordx.	S	20	68	Montrl.†	F	7	45
Boulgn.	Fg	12	54	Moscow	F	3	37
Bristol	C	12	54	Munich	F	19	66
Brussels	S	14	57	Nairobi	F	26	79
Budpst.	S	20	68	Naples	C	16	61
Cairo	F	22	72	Nwcstl.	F	12	54
Cardiff	C	12	54	N York†	F	8	46
Cas'b'ca	S	25	77	Nice	F	18	64
Cape T.		—	—	Nicosia	F	19	66
Chicg.†	F	16	61	Oporto	F	20	68
Cologne	C	16	61	Oslo	C	4	39
Cpnhgn.	C	8	46	Paris	S	19	66
Corfu	S	19	66	Perth	F	22	72
Denver†	Sn	2	36	Prague	F	20	68
Dublin	S	12	54	Reykjvk.	R	3	37
Dbrvnk.	S	19	66	Rhodes	S	20	68
Ednbgh.	R	10	50	Rome	C	17	63
Faro	C	18	64	Salzbrg.	F	21	70
Florence	F	19	66	S F'cisc†	F	8	46
Frankft.	F	19	66	Singapr.		—	—
Funchal	R	16	61	Stckhm.	S	13	55
Geneva	S	17	63	Strasbg.	F	20	68
Gibraltar	C	18	64	Sydney		—	—
Glasgow	F	11	52	Tangier	F	22	72
G'msey	S	12	54	Tel Aviv	S	19	66
Helsinki	S	11	52	Tenerife	Fg	18	64
H. Kong	C	23	73	Tokyo		—	—
Innsbrk.	F	19	66	T'ronto†	F	6	43
Invrnss.	C	12	54	Tunis	S	24	75
I.o.Man	C	9	48	Valencia	F	19	66
Istanbul	R	12	54	Venice	S	18	64
Jersey	F	15	59	Vienna	S	19	66
Jo'burg		—	—	Warsaw	S	12	54
L. Plms.	C	17	63	Zurich	C	17	63
Lisbon	F	19	66				

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sn—Snow.
† Noon GMT temperatures.

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